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Dutch face an invasion of foreign television, Page 2

World News

Israeli girl killed by Palestinian villagers

An Israeli girl was stoned and beaten to death by Palestinian villagers after two Jewish settlers fired on Arab youths who attacked teenage hikers in the occupied West Bank, the army said.

Two Palestinians were shot dead by the settlers and 14 Israelis were wounded in the clash near the village of Beita, south of Nablus.

Mitterrand manifesto

President Francois Mitterrand of France issued his programme for re-election in a 20,000-word "Letter to all Frenchmen" which laid out the objectives of a strong France in a united Europe together with greater social justice at home. Page 2

Shultz plan at risk

The US Middle East peace initiative appeared in serious danger of foundering in the face of Israel's inability to give clear approval to key elements of the plan and growing anger in moderate Arab states. Page 22

Noriega agrees to talks

Panamanian military leader Manuel Antonio Noriega agreed to church-mediated talks with opponents seeking to oust him, the Roman Catholic Church in Panama City said. US economic siege begins to tell, Page 4

Common Market bill

Every man, woman and child in the EC has to pay an extra £170 ($319) a year in higher taxes and food prices to support the Community's Common Agricultural Policy, a UK Consumers' Association report said.

Armenians 'hopeful'

The Government of the Azerbaijani enclave of Nagorno-Karabakh was still hoped that the Kremlin would return the region to Armenia even though support for a mass strike had crumbled, a local official said. Page 2

Aid groups expelled

The Ethiopian Government ordered all foreign relief workers out of the drought-stricken northern provinces of Tigray and Eritrea in an apparent move to prepare ground for a counter-attack against pro-independence guerrilla armies. Page 3

Lebanon battles

Pro-Iranian fighters and Syrian-backed Shia Amal militiamen fought running battles in a struggle for control of south Lebanon.

Zimbabwe corruption

Corruption had permeated every level of Zimbabwean life and investigations were frequently dropped on the orders of government leaders, a senior Zimbabwean defence attorney said.

China defends sale

China defended its controversial sale of intermediate-range missiles to Saudi Arabia on the grounds that the weapons were sold strictly for defensive purposes. Page 3

Heavy water concern

Norway was seeking assurances from Israel that a 20-tonne delivery of heavy water in 1959 to Israel's Dimona nuclear reactor in the Negev desert had been used for peaceful purposes. Page 2

Australian disaster

State authorities declared the south-east of Queensland a disaster area after flooding caused by five days of heavy rain washed away a bridge and forced the evacuation of thousands of people from low-lying areas.

Colombia blacked out

About half of Colombia, including Bogata, the capital city of 5m people, was blacked out for up to an hour when lightning struck a high-tension cable.

Business Summary

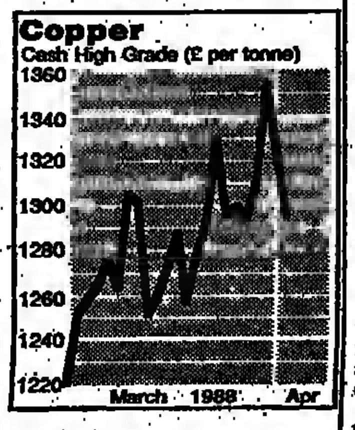
Dow index surge stops automated trading

THE DOW JONES index shot up more than 60 points prompting the New York Stock Exchange to shut down for the first time its automated order execution system to curb programme trading. The Dow Jones industrial average closed up 64.16 at 2061.67, partly because of programme buying by arbitrageurs using futures contracts. Page 22

BANK OF ENGLAND intervened as the pound threatened to rise through DM3.14, and sterling closed at DM3.1350 against Tuesday's finish of DM3.1375. Estimates put the Bank's intervention at around £100m ($188m). Currencies, Page 38; London Stock Exchange, Page 40

BRITAIN'S five biggest composite insurance companies achieved pre-tax profits of close to £1bn ($1.9bn) in 1987, making it their best year since the late 1970s in spite of gross claims of £416m arising from the hurricanes that hit western Europe in October. Report, Page 23; Lex, Page 22; UK company news, Page 28

COPPER market is likely to move from a supply/demand deficit to a modest surplus this year and major oversupply could be seen next year, according to a report from Shearson Lehman Hutton, a London broker. Yesterday a fall of £29.50 left the London Metal Exchange's cash grade A copper price at £1,295.50 ($2,435.54) a tonne. Page 32



TOKYO: The overnight gain on Wall Street and a pause in the yen's rise helped push the Nikkei average close to its all-time high. The index added 195.82 to close at 26,511.17, 135 short of its October 14 peak of 26,646.0. Page 44

LONDON: Rumours about an impending rights issue hit share prices in late trading, reducing the day's gains. The FT-SE 100 index reached 1,759.0 but closed just 7.4 higher at 1,745.0. Page 40

DOLLAR closed in New York at DM1.6785; Y126.05; SFr1.3845; FFr5.6925. It closed in London at DM1.6710 (DM1.6690); Y125.25 (Y125.10); SFr1.3800 (SFr1.3760); FFr5.6625 (FFr5.6600). Page 33

STERLING closed in New York at $1.8720. It closed in London at $1.8760 ($1.8800); Y235.0 (Y235.25); SFr2.5900 (SFr2.5875); FFr10.6225 (FFr10.6400). Page 33

BENETTON, Italian casual clothes producer, increased 1987 profits by 15 per cent to L130bn ($105m).

TEXAS AIR'S Eastern Air Lines subsidiary has complied with a Federal judge's order not to sell its north-eastern shuttle to another unit of the parent company. Page 23

INTEL, US Silicon Valley chipmaker, unveiled a range of high-performance microprocessors and related chips to try to defend its market leadership. Page 23

SUMITOMO RUBBER Industries of Japan recorded a strong recovery in profits last year to Y9bn ($71.9m), mainly due to a good performance from its US Dunlop Tire subsidiary. Page 24

QINTEX group of Australia has established itself as the country's biggest television network operator with the A$126m (US$93.5m) purchase of two stations from Robert Holmes à Court's Bell Group. Page 24

Air hijackers' demands spurned by Kuwait

BY OUR MIDDLE EAST STAFF

A DEADLINE set by the hijackers of the Kuwaiti airliner diverted forcibly to Mashad in north-east Iran on Tuesday expired early yesterday without any further development.

Kuwait had earlier rejected a demand for the release of 17 extremist Shi'ite prisoners jailed for car bomb attacks on the US and French embassies there four years ago as a condition for freeing the passengers and crew.

As negotiations continued the gunmen were quoted by Tehran Radio as being unwavering in their demands while, in London, Mrs Margaret Thatcher, the UK Prime Minister, said that neither Britain nor Kuwait would bow to "blackmail."

A three-man negotiating team had been expected to arrive yesterday morning, the official Iranian Republic News Agency in Tehran reported. It was later reported that the hijackers had agreed to allow an aircraft carrying Kuwaiti officials to land.

It is believed about 80 people remain on board the Boeing 747, including three members of the Kuwaiti royal family.

● Richard Johns in London adds: The Iranian authorities dealing with the hijackers of the Kuwaiti jumbo jet at Mashad are, it can be assumed with virtual certainty, dealing with Arab militants of the Shi'ite sect owing allegiance to organisations which it sponsors in one way or another.

It is an irony which would not embarrass the Islamic Republic's clerical leadership. It, too, shares the objective of the air pirates – the release of the 17 men imprisoned in Kuwait for bomb attacks on the US and French embassies there in 1984. The Iranian media has customarily referred to them as "mujahadeen", or holy warriors.

The odds are that hijackers belong to the same movement as the gaoled terrorists. The 17 – Iraqi and Kuwait Shi'ites with the exception of, somewhat surprisingly, a Christian Lebanese – were predominantly, if not exclusively, members of the Al Daawa al Islamiyah ("The Call of Islam"), the Iraqi undergound movement most implacably opposed to the rule of President Saddam Hussein.

As it happens, its headquarters is in Tehran and the group is affiliated to the Supreme Assembly for Islamic Revolution in Iraq, the umbrella organisation for the religious groups bent on bringing down Hussein's regime. Founded in 1968-9, the Daawa has pursued a policy of violence and assassinations.

Since 1980 even suspected membership has automatically incurred the death penalty in Iraq. Many hundreds have been executed and internally the threat to Mr Hussein's regime from it has diminished. But in exile and under Iranian-financed sponsorship it is a force to be reckoned with.

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French mediator Lucien Bitterlin leaves the Beirut office of Amal militia leader Nabih Berri after a meeting yesterday. Approaching presidential elections have rekindled hopes in France of a deal to release one or more of the three French hostages held by terrorists in Lebanon. Page 2

Soviet-Afghan summit fuels speculation of big troop withdrawal

BY OUR FOREIGN STAFF

MR MIKHAIL GORBACHEV, the Soviet leader, yesterday flew to Tashkent, the capital of Soviet Uzbekistan which borders Afghanistan, and was immediately joined from Kabul by Afghan President Najibullah and Mr Eduard Shevardnadze, the Soviet Foreign Minister.

The meeting fuelled speculation that the Soviets are putting the finishing touches to plans to end their occupation of Afghanistan by withdrawing most of their 115,000 troops.

It was unclear last night whether Mr Gorbachev was planning to go on to Afghanistan. If he does it will be his first visit since coming to power in 1985.

It is becoming increasingly clear that Mr Gorbachev is determined to have some troops on the move before his next summit meeting with US President Ronald Reagan in Moscow at the end of May.

Analysts also believe that much of the recent Soviet manoeuvring over Afghanistan is designed to give the Soviet-backed regime of President Najibullah the maximum chance of survival following the withdrawal.

Without a Geneva agreement, this could include leaving up to 20,000 military "advisers" behind or even a garrison to defend "Fortress Kabul."

The Soviets have also recently been making multiple deals involving the oil and gas-rich north of Afghanistan where a pipeline runs into the Soviet Union.

Senior US and Soviet officials worked hard yesterday on the propaganda war about Afghanistan.

While Mr Gorbachev was en route to Tashkent, Mr Vladimir Petrovsky, a Soviet deputy foreign minister, said in Moscow that the Afghan Government fully supported the position that Soviet forces should begin to withdraw, regardless of whether the UN-sponsored talks in Geneva reached agreement.

Mr Shevardnadze, who had been in Kabul since Sunday, had discussed "variants" for a withdrawal, he added.

Mr Frank Carlucci, US Defence Secretary, flew to Islamabad from New Delhi to discuss the Afghan situation with President Zia of Pakistan, which hosts 3.5m of the 5m Afghan war refugees.

Mr Carlucci said in New Delhi that the US was sticking to its demand for symmetry in US and Soviet actions on military aid to their clients in the Afghan war. The Soviets had rejected a symmetrical moratorium.

"We are exploring other options," he said, referring to the plan floated by Mr George Shultz, US Secretary of State, that both sides should continue to give "balanced" military aid.

However, this plan is attracting increasing opposition.

Senator Gordon Humphrey, chairman of a bi-partisan coalition group on Afghanistan in the US Congress, stopped in Geneva yesterday on his way back from a meeting in Pakistan with Afghan Mujahideen resistance leaders.

He urged President Reagan not to commit the US to an agreement on Soviet withdrawal from Afghanistan until the Afghan resistance leaders had agreed in writing to its terms.

Editorial comment, Page 20

Dukakis win slows Jackson bandwagon

By Stewart Fleming, US Editor, in Washington

GOVERNOR Michael Dukakis of Massachusetts recovered his status as the front-runner for the Democratic party's presidential nomination with a convincing victory in Tuesday's primary battle in Wisconsin, in the mid-west.

The next pivotal test is the New York primary on April 19 where more than 6 per cent of the delegates to the party's convention will be allocated.

By winning 48 per cent of the 1m votes cast compared to the 28 per cent who voted for the Rev Jesse Jackson, Mr Dukakis appears to have slowed the Jackson bandwagon.

His victory will quell the growing concerns among many Democrats that Mr Dukakis was proving to be a far less effective campaigner than expected. There were also fears that he was in danger of being swamped by the emotional support building up behind the Jackson candidacy.

"We have done well with people all over Wisconsin, in all income and age groups, in all parts of Wisconsin," Mr Dukakis said. "I think what happened in Wisconsin was that people looked at us and said 'we like Dukakis'."

His victory reduces the chances of Mr Jackson ending the primary season in June as the candidate in command of the most delegates to the convention in July. It is widely accepted that no candidate is likely to have control of the 2,082 delegates needed to be assured of nomination.

Continued on Page 22

Arthur Andersen admits breaking consultancy rules

BY ALAN FRIEDMAN IN MILAN

THE ITALIAN subsidiary of Arthur Andersen, the world's second largest accountancy firm, yesterday admitted that it had broken the rules that ban accountants from offering consultancy services along with the auditing of company accounts.

The firm's senior partner in Milan also admitted that the firm had acted improperly in offering to cut its fees while soliciting business from a client in the banking sector.

The improprieties led Mr Franco Piga, chairman of Consob, the Italian stockmarket and company regulatory agency, to write letters of censure to both Arthur Andersen's Milan branch and to its head office in Chicago.

The Consob letters included what the accounting firm said could be considered implicit threats to strike Arthur Andersen from the roll of authorised auditing firms in Italy if there were further violations.

Arthur Andersen is the biggest auditing firm in Italy, with 400 clients.

Mr Maurizio Milanesi, Andersen's senior partner in Milan, yesterday said he had received the Consob communication. Although he promised that the improprieties would not happen again, he termed the matter "an over-reaction."

He said the criticism concerned a letter written by an Arthur Andersen partner in January 1987 offering services to a bank.

"There was one unhappy sentence in that letter," he said, referring to an offer by Andersen to match the fee of any other firm that undercut it in bidding for the audit of the bank.

Mr Milanesi said that in addition to seeking auditing business the letter also offered Arthur Andersen's consulting services to value a shareholding in connection with a possible stockmarket quotation. But he claimed there was no conflict of interest.

Consob has been keen to prevent auditors from offering consultancy services which, it says, can led to conflicts of interest. It has also written to other firms about this practice.

Although Consob is the strongest opponent of the sort of aggressively commercial multi-disciplinary firms familiar in Britain and the US, securities regulators in other European countries have also expressed varying degrees of unease.

Several require auditors to practise in separate legal entities, rather than in partnership with management consultants or tax advisers.

Mr Don Hanson, UK managing partner and a member of Andersen's European board, recently said that regulatory restrictions such as these were "more a nuisance value than a real inconvenience" to offering a full advisory service to audit clients across Europe.

Mr Milanesi said that apart from being told not to send out further solicitations of the kind Consob criticised, no action had been taken against the partner responsible.

The ruling comes at a highly sensitive time for Andersen, which has ambitious plans for growth in Europe.

Brussels questions share bonus schemes for French investors

BY WILLIAM DAWKINS IN BRUSSELS AND GEORGE GRAHAM IN PARIS

LORD COCKFIELD, the European Commissioner responsible for the internal market, has warned the French Government that free share bonuses confined to French investors in privatisation issues could contravene European Community laws.

He has given Mr Edouard Balladur, the Finance Minister, until April 15 to justify the perks, confined to French citizens or residents who buy shares in newly privatised state-owned companies.

A Commission official said yesterday the bonuses appeared to contravene Article 221 of the Treaty of Rome, which rules that member states must treat citizens of other EC countries in the same way as their own nationals when participating in the capital of Community-based companies.

Lord Cockfield's letter to Mr Balladur voices general concern about French new issue regulations allowing bonus issues in formerly state-owned companies to be reserved for nationals or people resident in the country.

Saint-Gobain, the glass and packaging concern which was floated nearly 18 months ago, would be the first privatisation issue which could be affected if the Commission decides to take action. French investors who have held on to their shares since the flotation qualify for a one-for-10 bonus to be distributed next July.

The warning is the latest example of the Commission's growing concern about how to ensure equal treatment for investors throughout the EC in the run-up

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Malaysia likely to sell Guthrie

BY PHILIP COGGAN IN LONDON

THE MALAYSIAN Government looks set to end seven years of control of Guthrie, the former plantations group, with the announcement yesterday by Permodalan Nasional Berhad, the Government's investment house, that it was considering the sale of its 60 per cent stake, currently worth some £115m ($216m).

PNB's £282m takeover of Guthrie in 1981 was part of a concerted attempt by the Malaysian Government to gain control of the country's natural resources.

Success was achieved by an audacious dawn raid which gave the Malaysian group effective control in just four hours.

Afterwards the Takeover Panel altered its rules to restrict such raids.

The Panel's move caused considerable offence in Malaysia, which saw it as an example of the unsympathetic British attitude towards its former colony.

The row contributed to the deterioration of diplomatic and trading relations between the two countries.

In 1982 the Malaysians sold off Guthrie's plantations business and brought in Mr Jock Green-Armytage, the merchant banker, who had orchestrated the original dawn raid, to run the remainder.

He has rationalised and reorganised the subsidiaries with interests ranging from firefighting equipment to carpet underlay and pre-tax profits have increased from £1.7m in 1982 to £22.6m last year.

The Malaysian sale is not believed to have any political significance. PNB said through Barings, its banking advisers, that the value of its investment had increased very substantially and it was prudent and timely to diversify its foreign investment portfolio.

Guthrie's non-plantations businesses represented only £55m of the original group's £265m of assets.

When the company rejoined the stock market in 1986, the Malaysians raised £25m through the sale of part of their stake and their holding is worth around £115m at Guthrie's current share price of 236p. That indicates a profit of some £85m.

In Malaysia, PNB has a portfolio of investments worth some £1bn including stakes in some of the country's largest companies such as Sime Darby.

Guthrie's share price jumped more than 15 per cent yesterday as the market speculated that the PNB stake might be sold to a single buyer, thereby triggering a takeover offer for the company. Mr Carl Openshaw, an executive director, said that the board would prefer to remain independent.

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SEVERE CHALLENGES THAT FACE PAKISTAN'S ECONOMY

General Zia presides over a country that has yet to establish political stability, Page 21

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Mitterrand spells out programme for Elysée race

BY IAN DAVIDSON IN PARIS

MR FRANÇOIS Mitterrand last night issued his programme for re-election to the French presidency in a 20,000 word open "Letter to all Frenchmen", which laid out the objectives of a strong France in a united Europe, together with greater social justice at home.

The publication of his manifesto, which he couched in beguilingly conversational terms, coincided with the publication of new public opinion polls which continue to confirm his comfortable lead over either Prime Minister Jacques Chirac or former Prime Minister Raymond Barre.

He confirmed that, if re-elected, he would immediately appoint a new prime minister to form a government to reflect the new "Presidential" majority in the country. Only if this government were prevented from acting would he call fresh general elections.

On many issues, Mr Mitterrand's proposals overlapped substantially with the common ground already established by his two main rivals: the importance of the target of a fully-open European Community market by the end of 1992, and the need to spend more on education, training and research.

In addition, Mr Mitterrand said the Community should create new common policies in research, culture and the environment, the Ecu, European currency unit, should be transformed into a reserve currency, which would one day be managed by a European central bank.

At the same time, he called for a common defence and political union in Europe. "One cannot conceive of a solid Europe if it is not capable by itself of ensuring the security of the people in it," Mr Mitterrand said.

He predicted that the question of the defence of Europe would soon occupy the forefront of the Community's agenda.

He called for balanced disarmament, both of nuclear and conventional weapons, but in the meantime France would continue to be vigilant, relying on its nuclear deterrent.

However, he claimed that the growing gulf between rich countries and poor represented for humanity an even more pressing danger than the nuclear threat, and he called for a world development plan which would do for the developing countries what the Marshall Plan had done for the construction of Europe. France would increase its development aid from 0.54 per cent of GNP to the UN target of 0.7 per cent.

At home, Mr Mitterrand claimed that the nationalisation programme enacted by the Socialist government after its election in 1981 had been an economic and financial success, since it had rescued great companies which had been bled white by their owners, and had multiplied their market value by two or three over five years.

Hungarian paper launches angry attack on Romania

BY JUDY DEMPSEY IN VIENNA

A HUNGARIAN newspaper yesterday sharply criticised Romanian authorities for "forcibly assimilating" ethnic Hungarians and "blatantly violating" their rights.

It is highly unusual for the official media of one Soviet ally to criticise another in such harsh terms. The article was published in Magyar Hirlap, the government newspaper, in response to a recent decision by Bucharest that the minority newspapers should publish the names of towns and villages in Romanian only.

The Romanian decision and the sharply-worded response by Magyar Hirlap is part of a growing dispute between both countries which shows few signs of being resolved.

At the root of the dispute is the fate of the 1.7m ethnic Hungarians, Europe's largest minority, who live mostly in Transylvania, northern Romania.

Transylvania was part of the Habsburg monarchy until 1918. It was then transferred to Romania, briefly held by Hungary during the Second World War, and then again passed over to Romania. It continues to hold enormous significance for Hungarians.

Almost everyone in Hungary knows someone in Transylvania, and the region itself is often regarded as the cradle of Hungarian culture. This is disputed by Romanian historians and officials who repeatedly argue that the territory was originally inhabited by the Dacians, a Latin tribe who pre-dated the Romanians.

"It could neither be understood nor accepted that at the end of the 20th century, on our continent, the basic rights of the minorities, their century-old bonds to their ancient national culture – and not least – to their linguistic skills picked up with the mother's milk are violated in such a blatant way," Magyar Hirlap wrote.

Romania's Hungarian and German minorities have been under pressure since the mid-1950s to adopt the Romanian language and culture.

As early as 1959, the Hungarian university at Cluj, the former capital of Transylvania, was merged with the Romanian university. Nearly half of all Hungarian children now receive their education in Romanian. Over a third of the curriculum in Hungarian schools has to be taught in Romanian and the number of Hungarian journals, cultural centres and newspapers has been reduced over the years.

The Romanian authorities deny that minorities are being forcibly assimilated.

EC survey sees no sign of approaching recession

DESPITE A slight drop in the European Community's leading economic sentiment indicator in February, the EC is not heading for a recession, the European Commission said yesterday, AP reports from Brussels.

The Commission, citing the latest business and consumer survey, said there were "no signs of an approaching recession." The stock market crash and the turbulence on foreign-exchange markets last fall affected "economic performance less than feared.

The EC's economic indicator, which is based partly on the results of the survey, dropped to 102.7 in February from 102.9 in January, but was above the 102.6 level recorded last November. By contrast, the US leading economic indicator had "fallen consistently" since the stock market crash last October.

The economic indicator is made up of an industrial confidence indicator, a construction confidence indicator, a consumer confidence indicator and share price indexes.

EC economists reported that prodnction expectations continued to point toward further growth "over the next few months," while the outlook for exports looked brighter.

French Green presidential runner is not for recycling

BY GEORGE GRAHAM IN PARIS

IT IS not easy being Green in a country which has slipped without protest to 73 per cent nuclear power and where it is practically impossible to buy recycled toilet paper.

For Mr Antoine Waechter, the ecologist candidate in the French presidential election, the task has become even harder. Environmentalist passions, which never reached nearly the same heat as in neighbouring West Germany, have faded in recent years, and the limited Green support which is left is being nibbled away by the left.

Mr Brice Lalonde, the ecologist candidate in the 1981 elections, has deserted the party for the camp of the Socialist President François Mitterrand. Meanwhile, from further left still, Mr Pierre Juquin, the Communist party outcast who is running on his own account, has appropriated many ecologist themes.

Environmental concern may not be totally absent in France. Mr Lalonde won nearly 1.2m votes in 1981, and the ecologists scored around 3.4 per cent in the 1984 European Parliament elections.

But the divided and thinly spread ecologists are currently registering only around 1 to 1.5 per cent of the votes in the opinion polls, and Mr Waechter will be hard put to it to reach the 1.5m which he regards as "the minimum threshold." He has even had difficulty rounding up the 500 signatures of mayors and elected officials necessary to get his name on the ballot paper.

Mr Waechter himself represents the purist Alsace wing of the French ecologists, which took control at the end of 1986 after a battle over whether to move the party more into the orbit of the mainstream left-wing political parties. He finds little to choose between the right and the left, and accuses both of breaking their electoral pledges on environmental questions.

For although Mr Mitterrand made some environmentalist promises in 1981, Mr Waechter notes that his government nevertheless went ahead with the construction of the Superphenix fast breeder reactor, and that leadfree petrol still sells at Fr1 a litre more than ordinary four-star, if you are able to find it at all.

"In the areas where we have our priorities, the policies of left and right are strictly the same," Mr Waechter says.

These areas go beyond the traditional environmentalist domain into employment themes – Mr Waechter puts the emphasis on a reduction in working hours without salary compensation – a neutralist defence policy and greater regional autonomy. But realistically, the vote winners for the ecologists are more likely to be traditional environmental worries about nuclear power and pollution – and French nerves have hardly tingled over these, despite Chernobyl, Sandoz and a string of wrecked oil tankers on the Breton beaches.

Mr Waechter does not plan to come out in favour of either candidate in the second round of voting on May 8, but he recognises that the test of success will be in the ecologists' ability to build on their votes in the presidential election and win seats in the parliamentary and local elections which will follow over the coming year. In the past, internal squabbles between rival ecologist groups have prevented the creation of any durable political structure.

"The French ecologists have spent their time building houses which they then knocked down again. The advantage of these biodegradable structures was that they allowed candidates to recycle themselves into other political movements, as Brice Lalonde did. But this candidate will not recycle himself. We now have a unitary structure which will last after the election and capitalise on our voting success," Mr Waechter proclaims.

At any rate, Mr Waechter at 39 is the youngest candidate in the French presidential election. He has time to try again.

APPROACHING ELECTION RAISES HOPES FOR RELEASE OF HOSTAGES IN LEBANON

THE APPROACH of the French presidential election has rekindled hopes for the release of one or more of the three French hostages held by terrorists in Lebanon, writes Paul Betts in Paris.

Although the French Government declined to comment yesterday on reports of new negotiations, diplomatic contacts with Syria and Iran are understood to have been stepped up in recent days with the aim of bringing pressure to bear on the kidnappers.

Western diplomats in Paris said yesterday that the release of one or more of the French hostages would clearly boost the credit of Mr Jacques Chirac, the neo-Gaullist Prime Minister and presidential contender, in the run-up to the first round of voting in the election in 10 days time.

Speculation, however, is tinged with scepticism because the Iranians have often tried to exploit the hostage issue during Western elections. Moreover, Islamic fundamentalists in Tehran and elsewhere have asked France to halt exports of military equipment to Iraq and some have demanded the supply of French arms to Iran. It seems highly unlikely that these demands could be met, given France's long-standing role as an arms supplier to Baghdad.

But the release by France two weeks ago of Mr Mohamed Mohajer, a French-man of Lebanese origin suspected of taking part in the 1986 terrorist bombings in Paris, has been seen as a sign of renewed negotiations between France and extremists holding the hostages in Lebanon.

Mr Charles Pasqua, the French Interior Minister who has taken charge of the hostage issue, is also reported to have recently sent an envoy to Syria and Lebanon to advance the negotiations.

Galvin in Spain for Nato talks

By Peter Bruce in Madrid

GENERAL John Galvin, Supreme Allied Commander in Europe, yesterday began the first ever visit to Spain by a Nato military chief since it joined the Alliance in May 1982. The trip may herald agreement soon on a much wider role for Spain's armed forces in Nato.

Although Gen Galvin's three-day visit, at the invitation of the Spanish Chief of Staff, is being described by the Spanish Defence Ministry as "routine", his talks with King Juan Carlos, Prime Minister Felipe Gonzalez and Mr Narcis Serra, the Defence Minister, are all expected to focus on the so-called "Spanish Model" – proposals for an expanded Spanish contribution to Nato sent to Brussels in January.

The proposals have irritated both Britain and Portugal because they would involve spreading Spanish naval coverage deep into the Atlantic, touching the (Portuguese) Azores but without coming under the British-controlled command in Gibraltar.

But they are understood to have won more than a lukewarm welcome from other Nato members because they water down Madrid's previous pledge to keep Spanish forces out of the Allied integrated command.

Spanish voters opted in a 1986 referendum to stay in Nato on the understanding that the armed forces would remain independent.

In a letter to Lord Carrington, Nato secretary-general, in January, Madrid suggested that Spanish forces "will remain under Spanish command," but, when operating with other Nato forces, command would be Spanish or Allied, "according to what is required".

Although Gen Galvin is not in a position to negotiate with Madrid, observers see his visit as evidence of a new warmth between Spain and Nato and note that it comes not long after the US bowed to Spanish demands to withdraw its 72 F-16 fighters from the Torrejon airbase near the capital.

There appears, in fact, to be very little bad feeling remaining following the American agreement to withdraw.

The appointment of a new secretary-general in Nato this summer, Mr Manfred Wörner, the West German Defence Minister, seems likely too to help Spain win acceptance for its proposals. The West Germans and Madrid have discussed with some enthusiasm a possible Spanish role in the planned Franco-German brigade and its corresponding defence council.

Broadside fired at Soviet reform opponents

BY LESLIE COLITT IN MOSCOW

THE INCREASINGLY outspoken opponents of *perestroika*, the far-ranging economic and social reforms launched by Mr Mikhail Gorbachev, have been sharply criticised by both the Soviet leader and a leading media supporter.

According to a Tass report late on Tuesday, Mr Gorbachev told the visiting former West German Chancellor, Mr Willy Brandt, that "some people are panicking" in the Soviet Union over his reforms. "There are people who think everything is collapsing," he noted. "Socialism is vanishing," some of them claimed.

Mr Gorbachev's remarks coincided with a blistering Pravda attack on opponents of reform who claimed *perestroika* was undermining the "principles of socialism."

The liberal newspaper, Moscow News, which has been in the forefront of *perestroika* and *glasnost*, joined the fray yesterday. It accused opponents of the reforms of attempting to form a "platform of opposition" to *perestroika*. The newspaper said an anonymous eight-page pamphlet entitled "Information for Reflection" was circulating, which held that the reforms were leading the Soviet Union to economic disaster, social shock, and bondage to the West.

The pamphlet called on citizens to "spread the word of truth...openly or secretly."

The two-page article in Moscow News presented the views of three Soviet academic authorities on the opposition.

Brandt: Kremlin talks.

Mr Gavril Popov, an economist, said technocrats in the defence industry opposed the reforms, as they held to the "illusion" that centralised control of the economy was more effective. A historian, Mr Eduard Klopov, said many highly skilled Soviet workers were resisting changes which gave companies greater economic rights. Others, he said, paid only "lip service" to *perestroika*.

Mr Ygor Kon, a philosopher, said opposition to the Soviet leadership included persons in the state apparatus who were educated under the late Soviet leader, Mr Leonid Brezhnev, who is blamed for many of the Soviet Union's current problems. These officials faced a loss of their jobs under Mr Gorbachev, instead of the guaranteed privileges they had come to expect and were demanding a return of "good bureaucracy."

Entrepreneurs fear taxman's embrace

BY LESLIE COLITT

THE SOVIET UNION'S growing independent co-operatives and private artisans are deeply worried about a tax law which came into effect this month.

In the year or so since co-operatives and small-scale private craftsmen were legalised, they have earned tens of millions of roubles, and made many enemies. They are wondering what the state has in store for them.

More than 14,000 co-operatives are in operation, employing well over 100,000 people in ventures from restaurants and car repair shops to baby-sitting groups. But widespread complaints of "excessive" earnings by co-op members compared with low-paid state employees gave rise to the new tax measures.

Mr Levan Khublarov, a vigorous Georgian, is chairman of a co-op restaurant called Vstrecha (meeting place) in Moscow which, unusually, provides quick and friendly service, not to mention tasty food. It is one of 90 new co-operative restaurants in the Soviet capital which as a rule charge more than state establishments where doorkeepers must inevitably be bribed to gain entry.

Mr Khublarov said the seven members of his co-operative – his family and that of his brother – earned an average of Roubles 850 (£320) a month but were reinvesting most of the profits. Reports of fortunes being made by co-op members, he said, were wildly exaggerated and often the result of envy.

Until now the co-ops paid 13 per cent of their earnings in taxes. But under the new law, earnings in excess of Roubles 500 a month are taxed progressively up to 90 per cent. Why Roubles 500? "That is the average salary of our ministers," Mr Khublarov suggested.

From now on co-ops failing to declare their incomes every quarter will be fined 10 per cent of the amount due for a first offence and face closure a second time round.

Originally the co-ops were to consist mainly of pensioners, housewives and students. Increasingly though, members also hold down state jobs, and this has led to official criticism that they are neglecting their main work in favour of the more lucrative co-op jobs.

Mr Khublarov was previously employed in a plastics factory and in a concert agency – although he is a trained agronomist – before opening the restaurant. "As long as Mr Gorbachev is in office we are okay," he said confidently.

Many individual producers however are less sanguine.

Although the tax law does not impose new levies on them, it does stipulate their their licence fees can be adjusted according to profits. The big earners among the private businessmen are afraid this will be used to "punish" their commercial acumen.

Oslo concern over heavy water sold to Israel

BY KAREN FOSSLI IN OSLO

NORWAY IS seeking assurances from Israel that a 20-tonne delivery of heavy water in 1959 to Israel's top-secret Dimona nuclear reactor in the Negev desert has been used for peaceful purposes, as laid down by an agreement. So far, such assurances have not been forthcoming.

Norway became concerned about its heavy water delivery when Mr Mordechai Vanunu, a former Israeli nuclear technician, told London's Sunday Times in September 1986 that Israel had produced up to 200 atomic bombs in 20 years. He had worked at the Dimona reactor for nine years.

Mr Vanunu was recently sentenced to 18 years in prison in Israel for treason and espionage after a seven-month secret trial in a Jerusalem district court. The heavy water was delivered after Israel agreed that it would only be used for peaceful purposes, for example as a "moderator" in a nuclear power plant.

Heavy water reactors produce plutonium as a by-product, which in turn is used to make nuclear weapons, whereas graphite, which is also used as a "moderator" in nuclear reactors, does not.

Norway, has so far been unable to gain confirmation from Israel that the heavy water delivery was in fact used only for peaceful purposes at the Dimona reactor.

A US expert, Professor David Millholland, who has been conducting his own research into safeguard systems for nuclear reactors, has been in contact with Norwegian officals over the Norwegian heavy water delivery to Israel.

He has urged Norway to seek advice and support in the matter from US experts. Norway has not, however, sought advice from the US or any other country, but instead plans to send officials to Israel at the end of April in the hope of gaining reassurance.

US seeks to speed accord on use of Greek bases

BY ANDRIANA IERODIACONOU IN ATHENS

MRS ROZANNE Ridgway, US Assistant Secretary of State for European Affairs, arrived in Athens yesterday on a surprise official visit, amid reports that Washington wants to conclude negotiations on a new agreement governing US bases in Greece by the end of this year.

Talks on the future of the four bases, operating under an agreement which expires in December, have been under way without any apparent progress since September.

The US embassy in Athens refused to disclose the reason for Mrs Ridgway's visit, saying only that she had stopped in Athens on the way back to Washington from a European visit. She was scheduled to meet senior Foreign Ministry officials, as well as Mr Andreas Papandreou, the Prime Minister.

Mr Papandreou confirmed after talks with Mrs Ridgway that discussions covered the bases issue. He said, however, that the main topic in the talks was EC-US relations in view of Greece's assumption of the presidency of the EC council of ministers next July.

Mrs Ridgway's arrival coincided with the presence in Athens for the second time in a week of Mr James Wilkinson, State Department special co-ordinator for Cyprus.

Mr Wilkinson, who is visiting Nicosia, Athens and Ankara, had two days of talks in Greece last week before flying to Turkey. He returned to Athens this week.

Washington is understood to be examining prospects for a settlement after the election of Mr George Vassiliou as Cyprus President and the Greek-Turkish rapprochement launched by the prime ministers of the two countries at the end of January in Davos.

Armenians pin hopes on Kremlin

THE GOVERNMENT of the Azerbaijani enclave of Nagorno-Karabakh is still hopeful that the Kremlin will return the region to neighbouring Armenia even though support for a mass strike has crumbled, a local official has told Reuter in Moscow.

Speaking by telephone from the disputed region's capital, Stepanakert, he said some people were back at work after strikes against a Kremlin refusal to redraw Nagorno-Karabakh's borders – and fewer police were on the streets.

But he said other workers had not answered pleas to return to their jobs and transport links were still being disrupted by strikes which official reports say have cost more than Roubles 4m (£1.5m) in lost production.

"A majority of people have returned to their jobs but some are still not back at work," the spokesman said.

"We are not protesting any more but we still want a decision (from the Kremlin). We are hoping it will solve the problem," he added.

The strikes erupted after the Kremlin refused on March 23 to accept demands by ethnic Armenians for the return of Nagorno-Karabakh, administered by the republic of Azerbaijan since 1923 but mainly populated by Armenians.

The dispute started when the Nagorno-Karabakh government council voted in February for the region's transfer to Armenia. Mass demonstrations followed in the Armenian capital of Yerevan and 32 people were killed in ethnic riots in the Azerbaijani oil city of Sumgait.

The Communist Party youth newspaper, Komsomolskaya Pravda, said the situation had improved in Stepanakert with numerous employees reporting for work.

"But there are some (enterprises) where the situation is still very difficult," the newspaper said.

It said leaflets left in letter boxes in Stepanakert were calling on people to continue the strike.

The official news agency Tass said on Tuesday that activists were stopping workers in the streets and offering them Roubles 3 a day not to work.

It said the strikes had cost Stepanakert workers some Roubles 500,000 roubles in lost pay and four factories had been declared bankrupt.

Komsomolskaya Pravda said the partial return to work showed that reason had begun to overcome emotions. Local citizens have been urged back to work by party officials and party activists have visited strikers' homes to try to persuade them to work.

The Soviet media has accused the strikers of defying the spirit of Mr Mikhail Gorbachev's *perestroika* reform programme.

Mr Gorbachev accused the West earlier this week of trying to exacerbate the Soviet Union's domestic problems by interfering over the Nagorno-Karabakh issue.

The party newspaper Pravda has also accused Western media of fomenting unrest in and around Nagorno-Karabakh.

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Netherlands arms itself against a foreign television invasion

The Dutch are tuning in this week to a new 'cultural' channel. Laura Raun reports

PUT THREE Dutchmen in a room and what do you get? Three churches, four political parties and five broadcast organisations. This old joke comes to mind as the Netherlands launches its third television channel, Nederland 3.

It is nobly designed as a cultural channel featuring the arts, information, sports and a plethora of religious, philosophical and social shows squeezed out of the two existing channels.

Television channels have spread like wildfire across Western Europe in recent years, fed by new technologies, government deregulation and brazen media barons. Not all the ventures have survived but the trend seems likely to gather pace in advance of 1992 with its promise of a single European sky and business easily done across borders.

For the Netherlands one of the best guards against this foreign television invasion is Nederland 3, which began broadcasting on Monday. Its emphasis on Dutch culture is designed to appeal to the eager eudience which prefers homemade shows to foreign ones and the half of the population which watches little or no television.

The third network could also pave the way for private TV in this last bastion of public television in Western Europe. Three broadcast organisations now grouped on Nederland 2 have discussed turning it into a commercial station, but the accord has yet to receive government approval.

More advertising time is being opened up by Nederland 3, which nevertheless is a public channel, like Nederland 1 and 2. Until now only 5 per cent of all air time has been devoted to advertising, making it so scarce that spots had to be booked a year in advance. Indications are that much more time could be sold.

The government keeps tight control over who can broadcast, for how long and how they are financed. A government agency collects revenue from television and radio licence fees (Fl 750m) and advertising (Fl 300m) and doles it out to the various broadcast organisations.

This paternalistic system also is one of the world's most complicated. Broadcasting time on Nederland 1 and 2 is shared out among eight *omroepen*, or broadcasting associations, and the NOS Dutch Broadcasting Corporation.

The broadcasting associations are founded on Dutch society's religious and political pillars. Socialists, for example, tend to belong to VARA, Roman Catholics to KRO and Protestants to NCRV.

An association's members determine its air time. Members pay dues to help finance shows to their taste and to receive a programme guide. This helps them fund their programmes, which are broadcast at erratic times to give each association its share of prime time.

Besides the three Dutch networks a full menu of foreign fare also is on tap. Two British, one Belgian, three West German, one French and two European channels are served up by cable TV, which reaches more than three-quarters of all homes.

Despite the exotic offerings the Dutch like their own products, which they watch 83 per cent of the time. The programming tends toward talking heads earnestly examining social problems, leavened by game shows and musical galas.

Nederland 3 will be on a higher plane. NOS will provide 65 per cent of the air time and the rest will be divided between 16 cultural groups such as the Humanist League. Plans are to produce high-quality Dutch drama, broadcast performing arts and more news – when not covering football matches, that is.

Critics scoff at these grandiose aspirations, arguing that too little money is being made available. Only 5 per cent more revenue will be raised from additional advertisements, hardly enough to pay for lavish drama, the technical demands of opera and concerts and deeper news analysis.

NOS will get 25 per cent more money from the State Commission for Broadcasting to produce shows. But if the Minister of Culture is any example, it won't be enough. Mr Eelco Brinkman exceeded the Fl 109,000 per hour set by the Commission when he made a documentary on his home town for the premiere of Nederland 3.

Whether viewers actually want more culture, as Mr Brinkman insists they should have, is another question. New stations which have sprung up in recent years suggest that viewers want light entertainment – films, soap operas and talk shows.

Nederland 3 supporters retort that it is not intended to compete with the other two but will draw an "elite" crowd, somewhere between 7 and 11 per cent of the audience. But competition is virtually unavoidable, for example when the third channel broadcasts the World Cup football match or a sold-out Netherlands Opera production.

Private television could be a result. Three broadcast organisations – AVRO, TROS and Veronica – have agreed to launch a commercial station financed solely with advertising money.

Mr G.C. Wallis de Vries, chairman of AVRO, asserts that commercial television can succeed with high-quality shows and does not have to deteriorate into lowest common denominator fare. Stimulating but popular shows can be made – with enough money, he insists. That is why the three want financial support from Dutch publishers, who have agreed to join the venture after years of bitter opposition to commercial television.

However, Mr Brinkman contends that the publishers cannot dip into two pots. If they dive into private television they cannot collect a special compensation for advertising expected to be lost to television. Moreover, some broadcast organisations still adamantly oppose private television, arguing that it will further erode "pillarisation" and society's stress on a plurality of views.

How the latest impasse will turn out is far from clear. But no one is waiting breathlessly. Commercial television has been passionately debated for at least a decade and another few months or years matter little.

Cool reaction awaits Shultz in Jordan

BY TONY WALKER IN AMMAN AND ANDREW WHITLEY IN JERUSALEM

MR GEORGE SHULTZ, the US Secretary of State, left Israel yesterday at the end of his second, and final, round of talks with Israeli leaders on his Middle East peace plan with little to show for his efforts.

The US Middle East peace initiative appears in serious danger of foundering in the face of Israel's inability to give clear approval to key elements of the plan and growing anger in moderate Arab states at what is seen as a marked American bias towards the Israelis during the *current negotiating phase.*

Temporarily overshadowing the peace shuttle yesterday was the nastiest clash recorded so far in the four-month-long Palestinian uprising. Three youngsters were shot and killed - a 12-year-old Israeli girl on a nature hike with a party of schoolfriends, and two Palestinians - after a gang of youths threw stones at a Jewish group walking in a valley near the village of Beita, not far from Nablus.

Preliminary reports said that *two adults escorting* the *group* opened fire with automatic weapons on their tormentors. In the initial burst of fire two of the stone-throwers, a 19-year-old and a 20-year-old, were killed and two others injured. In the subsequent melee, the Israelis' guns were grabbed and turned on the walkers themselves, causing considerable carnage.

In a farewell airport statement, a downbeat Mr Shultz acknowledged that differences between Israel and its Arab neighbours had not been substantially narrowed. He said he would persist with his mission. But he looked set to encounter a cool Jordanian reaction on his return to Amman from Egypt yesterday, where he had talks with President Hosni Mubarak.

The Jordanians have been angered by Mr Shultz's apparent reluctance to exert real pressure on Mr Yitzhak Shamir, Israel's Premier, to endorse proposals for a revived Middle East initiative.

A Jordanian official close to King Hussein yesterday expressed extreme frustration over the conduct of US diplomacy. "We don't understand the Americans," he said. "Maybe we should say 'no' to them more often and then we might get something." The Jordanians have been particularly angered by an announcement of new US arm sales to Israel at the very time Mr Shultz was seeking to persuade Mr Shamir to co-operate in the search for Middle East peace.

Mr Shultz is seeking the co-operation of regional states for an international conference attended by parties to the Arab-Israel dispute plus the five permanent members of the United Nations Security Council as an opening to peace talks.

The US official has outlined a timetable for accelerated Palestinian self-rule in the West Bank and Gaza Strip, accompanied within a specified time by negotiations on the final status of the territories.

A reflection of Jordanian irritation with Mr Shultz was the official instruction to state television not to show an interview he gave on Tuesday to local editors.

Aquino dismisses fugitive's accusation

PRESIDENT Corazon Aquino yesterday brushed aside new threats by the escaped leader of last August's coup attempt, but other officials said the military was braced for possible attacks, AP reports from Manila.

Mrs Aquino was reacting to a statement attributed to former Colonel Gregorio "Gringo" Honasan, who escaped from a prison ship over the weekend. In the statement, distributed yesterday, Mr Honasan vowed to "act boldly" against the Government.

Mr Honasan, 39, said his group had promised last November "not to engage in hostile acts" against Mrs Aquino's Government to give her time to fulfill her pledge of reforms in the armed forces.

"*We are now withdrawing that* declaration," the *statement* said. "It has become obvious by its own actions that the Aquino administration is incapable of ensuring the very survival of this nation over the next few years. We have to act and act boldly."

Mrs Aquino dismissed the accusations of Mr Honasan, who had been detained since December 9 for the August 28 coup attempt that left 53 dead and hundreds wounded.

However, other officials said the military was on alert for possible action from Mr Honasan's followers following his escape.

The National Security Adviser, Mr Emanuel Soriano, dismissed Honasan's statement as "just hot air" but added: "Of course, we will be in a situation of watchful waiting."

Senator Ernesto Maceda, chairman of the Senate's defence committee, also said that while Mr Honasan would "lie low for a while," the coup leader would "eventually move in the direction of taking some action to destabilise the Government."

A Yemeni city is draining its ancient underground lake too fast, reports Tony Walker

Water shortage the modern way

DEEP BELOW the ancient and dusty city of Sanaa, capital of North Yemen, is a reservoir of "fossilised" water between 2,000 and 20,000 years old. Until recently this sandstone aquifer lay undisturbed, beyond human reach.

However, the advent of modern *pumps* and drills changed all that, and the Yemenis who had, by force of circumstance, been the thriftiest of water users, became more profligate in the exploitation of their limited resources.

The result today for the inhabitants of Sanaa and the arid basin in which it lies is a water crisis that is one of the most serious in the Middle East. "Drilling and groundwater withdrawals from the sandstone aquifer have increased at a phenomenal pace, *thereby causing over-exploitation* of the finite groundwater resource," a recent US Government study says. "Groundwater levels have rapidly declined, many wells have gone dry, and the city's wellfields are no exception."

Foreign experts say the decline of Sanaa's subterranean water reserves is a potential disaster only belatedly recognised by the authorities whose haphazard conservation methods are doing little to alleviate the problem.

Formidable obstacles obstruct attempts to restrict water use. Like many Third World cities, Sanaa's population is growing much faster than services can be provided to accommodate it. The rapidly increasing demands of agriculture in the Sanaa basin are also putting a tremendous strain on the limited resources.

Traditional tribal attitudes hold that each family has the right to drill for water on its land – most new wells are privately drilled – and this is a further hindrance to efforts to husband scarce reserves. "With the development of the country, everybody thinks he has the right to do what he wants, to pump as much water as he wants," says Mr Mohammed al-Fusail, head of the National Water and Sewage Authority.

"With drilling machines, everyone *believes they will* reach an underground ocean, but we don't have one. All we have is a very old aquifer."

Inhabitants of the Sanaa basin drew their water from a shallow alluvial aquifer until the early 1970s when tube wells began to dry up or became contaminated. It was then that people began tapping the Tawilah sandstone aquifer below the alluvial deposit at a depth of between 300 metres and 900 metres.

Demand for water is such that in some cases those exploiting it have drilled through the bottom of the sandstone aquifer itself in their search for additional supplies. According to most recent professional studies, including an exhaustive survey by the Soviet Union, the Sanaa basin will begin experiencing critical water supply shortages by early next century.

Such is the drain on finite supplies – the subterranean reservoir refills very slowly – that the water level in the Tawilah aquifer is falling up to 6 metres a year. "As the water table declines, new and deeper wells are drilled at an increasing rate, thereby continuing the downward spiral," the US Government report says. It notes the following factors behind the "alarmingly rapid" decline in water level:

- An arid climatic setting compounded by drought conditions (monsoon rainfall has been well below average).
- Dependence on a complex groundwater system that receives limited recharge.
- Population growth and uncontrolled drilling and pumping by private landowners.
- Inability to protect or manage existing groundwater resources and lack of knowledge regarding the basin's groundwater system.

Mr al-Fusail says the problems have been recognised by the authorities and a higher ministerial council, formed to co-ordinate conservation efforts, is preparing a tough new water use law. The United Nations Development Programme has provided \$2.5m (£1.3m) to fund a secretariat to support the ministerial body.

North Yemen has signed a contract with the Netherlands to explore for water resources in the Sanaa basin, to assist in water conservation measures, and to prepare a water use study for Sanaa city.

Farmers, Mr al-Fusail says, will be encouraged to make more rational use of water for irrigation. New methods of drip irrigation will be introduced to replace the wasteful flood system favoured by most farmers.

There are plans to build new dams to service the Sanaa basin in the 1987-92 five-year plan. Others measures will include the recycling of waste water for irrigation. The annual budget for water and sewerage had been boosted to Yemeni rials 1.5bn (£79m).

These plans will have to contend with a population explosion that is making calculations problematical. According to a conservative estimate, Sanaa's population by the year 2,000 will have reached 385,000, using the 1975 census figure of approximately 138,000 and an annual growth rate of 4 per cent.

However, the Government's central planning organisation, using the same base but higher growth rates, believes the population of Sanaa city will have reached between 700,000 and 1m by the end of the century. Present numbers are estimated by the planners at between *300,000 and* 350,000.

Rapid population growth has been accompanied by a tremendous increase in water use per head. According to an Italian study, Sanaa residents consumed 60 litres a head daily in 1972. A Russian survey completed last year found that consumptiou rates in the city had reached 120 litres a head daily.

Demand for *qat*, a mild narcotic, whose leaves are chewed by most of Yemen's adult population, is adding to the pressure. According to the American study the "largest proportion" of well irrigation in the Sanaa basin is used for *qat* cultivation. High *qat* prices are encouraging farmers to exploit marginal country, adding to demand for water supplies.

If present trends continue, the US study says, the authorities will be able to do little more than supply water to "a dwindling population and Sanaa could be lost as a city of vital importance to the country."

Macao divided over impact of Chinese rule

MACAO, the Portuguese enclave on the South China Sea is showing signs of developing traumas over the Chinese takeover in 1999, Reuter reports from Macao.

Some of Macao's residents, about 10,000 Portuguese or Eurasians and 410,000 ethnic Chinese are planning to stay after China takes over because they hope to make a lot of money. Others are getting ready to leave because they *fear* the communists.

But most, mainly those without enough money to make a choice, can do little but wait uneasily to see what happens.

Mr Jaime Lo, a Portuguese-speaking Chinese, has lived here all his life and worries about the future, but he does not earn enough as a port policeman to emigrate. "China is very poor. They don't have the standard of living we have here. Or the freedom. I think it could be pretty bad when the Chinese take over."

Peking has promised, as with Hong Kong, to let Macao keep capitalism and its political system for 50 years. But their influence is growing now.

"Large Chinese [state-owned] companies and banks and provincial governments are buying property and investing in factories. They are also taking over local companies, and setting up trading companies," says Mr Eduardo Tavares da Silva, director of the Macao Business Centre, which advises mainland Chinese investors.

China has moved beyond business. It controls many labour unions, and The Macao Daily, the largest Chinese-language newspaper, openly supports Peking, as do many local Chinese leaders.

"The big goal is Taiwan," says a Chinese official who works closely with the Macanese government and Peking on the transition to Chinese rule.

He argues Macao must retain some autonomy if Peking is to have any chance of working a deal with Taiwan.

China defends Saudi missile sale

BY LYNNE CURRY IN PEKING

CHINA has defended its controversial sale of intermediate range missiles to Saudi Arabia on the grounds that the weapons were sold strictly for defensive purposes.

Mr Wu Xue Qian, the Chinese Foreign Minister, said the Saudi government assured the Chinese the weapons were only for the Kingdom's own security.

"The Saudi government made the commitment of non-transfer, no first use of the missiles," Mr Wu said. "Therefore this is conducive to the stability of Saudi Arabia and of the Middle East."

Speaking at a press conference, Mr Wu also responded to widespread criticism of China's emerging role as an arms exporter. In addition to the Saudi sale, China has supplied Silkworm missiles to Iran and some weapons to Iraq.

Some estimates put the total value of China's overseas arms sales at close to \$2bn, making the country the fifth largest arms seller in the world.

"There are many countries which sell weapons to other countries," he said. "However, when China sells weapons, the press tends to pick on China and China becomes a newsmaker.

"How about the weapons flying over the Gulf region? There are many types of them. At least I know there are such weapons as Stinger and Exocet missiles. These are not Chinese. Why is it that some people always harass China with this so-called issue?"

Mr Wu again denied China had sold Silkworm missiles to Iran, but he acknowledged Peking could not control what weapons Iran or Iraq might purchase on the international arms market.

Hayden cautious over S Korean corruption link

BY MAGGIE FORD IN SEOUL

ALLEGATIONS that the family of former South Korean President, Chun Doo Hwan has made large investments in Australia will be investigated if the Seoul Government requests Canberra to do so, Mr William Hayden, the Foreign Minister said yesterday.

Mr Chun Kyung Hwan, brother of the former President, was arrested last week charged with embezzlement, acceptance of bribes, tax evasion and foreign currency irregularities. He has denied a number of the charges.

Speaking at a news conference. Mr Hayden said the Australian Government had no knowledege of allegations about the Chun family. Mr Kim Dae Jung, the South Korean opposition politician, claimed yesterday that the family had investments in Australian property, brewery and hotel shares.

The arrest of Mr Chun has focussed attention in South Korea on a number of corruption issues involving the former ruling elite from which the new President Mr Roh Tae Woo took over in February. The allegations are being watched keenly in advance of National Assembly elections due later this month.

The main purpose of Mr Hayden's visit is to persuade Seoul to give fair treatment to Australian beef imports.

UN to probe Iraqi charges

A UN team is to investigate Iraqi charges that Iran used chemical weapons, AP reports from the United Nations.

Mohammed Javad Larijani, Iran's deputy Foreign Minister, meanwhile, was scheduled to hold talks yesterday with Secretary-General Javier Perez de Cuellar on implementing a ceasefire in the war. Mr Tariq Aziz, the Iraqi Foreign Minister is to hold UN talks in New York next week.

The chemical weapons team will be the same one that went to Tehran last week to investigate Iranian charges that Iraq used chemical weapons and killed 5,000 people, mostly Iraqi Kurds in Halbjah.

Ethiopia bans relief workers

BY JOHN FOLLAIN

THE ETHIOPIAN Government yesterday ordered all foreign relief workere out of the drought-stricken northern provinces of Tigray and Eritrea in an apparent move to prepare the ground for a counter-attack against pro-independence guerrilla armies.

The government's Relief and Rehabilitation Commission said the measure was being taken to reduce "security risks" for personnel working in the two war-torn regions, where intense fighting has brought convoys carrying supplies for more than 3m drought victims facing starvation to a virtual standstill.

Relief workers said the ban was a prelude to the launch of an offensive by government troops, which have lost much ground in the north during the last two months of fighting. The two main rebel armies have both successfully broken out of strongholds in arid northern Ethiopia.

The Tigrean People's Liberation Front now claims control of the entire province of Tigray except for the capital Mekele, which the government supplies by air, and the garrisons of Maychew and Ambalage in the south.

The Eritrean People's Liberation Front says it has advanced from its stronghold, Nacfa, to capture Afabet, 40km to the south, and a string of towns along the 300km road from Keren, Eritrea's second largest town, to the Sudanese border.

Bolstered by these victories, which relief workers confirm, the two main rebel groups are now joining forces for the first time in three years.

The rebel successes are believed to be behind Ethiopian President Mengistu Haile Mariam's reversal of previously unfriendly relations with neighbouring Somalia, according to diplomats in Addis Ababa. Earlier this week the two agreed to restore diplomatic relations, broken 11 years ago, and withdraw troops from their disputed border.

Relief workers say President Mengistu will send troops released by the agreement north to reinforce any counter-attack against the rebels.

Mexico seeks new ways of reducing its debt

BY WILLIAM ORME IN MEXICO CITY

MEXICO is considering new ways of reducing its debt, including bonds linked to oil prices, its chief foreign debt negotiator says.

Mr Angel Gurria, Public Credit Director, said petroleum-tied bonds were among a range of proposals under study in the Finance Ministry.

After Mexico's auction last month of bonds backed by US Treasury zero coupon bonds, the ministry said it would propose new debt reduction mechanisms before the present government leaves office in December.

Mr Gurria rejected proposals from some US bankers that Mexican bonds be backed directly by oil reserves. A link to oil prices would be employed simply as a measure of Mexico's "ability to pay," he said. Creditor banks and foreign academics had been putting forward other "valid and interesting" proposals, he said.

In a sale concluded formally last week, 20-year Mexican government bonds were swapped at an average 30 per cent discount for $3.7bn in outstanding loans, in effect striking $1.1bn in debt from the books. Because of rising yields the US zero-coupon issue cost the Mexican exchequer $492m, less than the $532m estimated at the time of the auction last month.

While acknowledging that Mexican authorities were disappointed by the smaller than expected bank response to the zero coupon plan, Mr Gurria vigorously defended the bond scheme as "a major, transcendental advance" towards a further-reaching debt solution for Mexico and other developing nations.

"This was a very good business deal for Mexico, a much better deal than a direct buy-back of the debt," he said. Mr Gurria said he was encouraged by the response to the new bonds' first appearance in the market last week.

Some $9m in bonds were offered at 73 cents to the dollar, he said, well above the quotes of 60 cents or less which many bankers had predicted.

Mr Gurria reiterated that Mexico would consider reopening its debt-equity swap programme if inflation remained at the lower levels seen recently. It was suspended last year out of concern for the inflationary impact of the monetary growth it generated. Mr Gurria noted that a modified shock plan in effect here since March has lowered inflation to about 4 per cent a month, down from January's record 15.5 per cent.

The swap programme may be modified to include facilities for Mexican investors, he said. Limited in the past to foreign-based companies, the swap programme has since its 1986 inception retired more than $2.6bn in government debt.

Mr Gurria estimated that Mexico's foreign debt now stood at about $101bn, including the recent drawdown of the final $1.1bn component of the $5.5bn fresh loan package Mexico received in conjunction with its 1986 rescheduling accord.

Mexico this week also received $700m in new World Bank credits

● The International Monetary Fund has approved a $55m standby agreement with Costa Rica, not $85m as reported in yesterday's Financial Times.

Meese appoints top jobs at Justice Department

BY LIONEL BARBER IN WASHINGTON

MR EDWIN MEESE, the embattled US Attorney General, has filled two top vacancies at the US Justice Department - bnt at a cost.

His two candidates for the posts of deputy attorney general and associate attorney general were unveiled at a hastily called press conference shortly before Mr Meese was due to fly to Latin America for talks on combatting narcotics trafficking.

The speed and timing of the announcement marked a clear effort by Mr Meese to fill the management vacuum at the Justice Department which gaped open last week when two senior officials resigned over the Attorney General's legal difficulties.


Edwin Meese: Embattled

The two candidates selected by Mr Meese for the department's second and third-ranking posts are Mr John Shepherd, a St Louis lawyer and past president of the American Bar Association, for deputy attorney general, and Mr Francis Keating, a senior US Treasury official for associate attorney general.

In an unusual departure from protocol, Mr Meese, rather than President Reagan, made the appointments. He also hired the two men in an acting capacity until they are nominated and confirmed.

Some White House officials apparently feel they have been stampeded. One official, noting that the backgrounds of the appointees have to be checked, made it clear that the Administration had not officially endorsed Mr Meese's choices.

Mr Meese has, in a memorable phrase coined by a Washington radio commentator, "a skin as tough as nogga hide." His sensitivity to protocol is less acnte than his skill at political survival, and he still enjoys the confidence of President Reagan, his ally for more than 20 years.

However, he still has to find a replacement for Mr William Weld, the head of the Department's criminal division, who, along with Mr Arnold Burns, resigned last week. The post of associate attorney general fell vacant after Mr Stephen Trott resigned to assume a Federal judgeship in California.

Mr Meese faces a criminal inquiry by a special prosecutor into his conduct in his office, his financial affairs and his involvement in promoting a $1bn pipeline deal.

Nicaraguan opposition newspaper halted

LA PRENSA, Nicaragua's only opposition newspaper, has suspended publication indefinitely, saying the Sandinista Government had not provided newsprint, AP reports from Managua.

A front-page story said: "With this edition we exhaust our supply of paper, so we will not be able to circulate as long as the Sandinista Government, the only supplier, doesn't sell us paper."

Anti-Sandinista rebels have charged that the Government, by not providing newsprint, violated a recent promise to allow press freedom.

The article rejected Government suggestions that La Prensa ran out of newsprint because of mismanagement of its limited supply, saying publishers had reduced the daily's size from 12 to eight pages and taken other steps to conserve paper.

In a telephone interview a senior member of the editorial staff said she noted that the country's two other daily newspapers, the official Sandinista publication Barricada and pro-Government Nuevo Diario, "have been coming out normally with eight full pages."

The Ministry of Industry said in a statement it could not solve La Prensa's problem because a shipment of newsprint scheduled to arrive in March had not reached Nicaragua. It said the Government was not expecting another shipment until April 17.

Brazil minister to finalise debt rescheduling deal

BY IVO DAWNAY IN RIO DE JANEIRO

MR MAILSON da Nobrega, the Brazilian Finance Minister, will fly to the US this weekend in a bid to put the finishing touches to a "term sheet" outlining the conditions for a $68bn rescheduling of commercial bank debt.

The minister will be accompanied by a separate negotiating team charged with opening detailed talks with the International Monetary Fund (IMF) in Washington on a new stand-by agreement.

Foreign bankers in Brazil have recently expressed concern that delays in completing the discussions on commercial debt with the 14-bank advisory committee could lead the country into a new unintended crisis with its creditors.

Before a meeting of the Inter-American Development Bank last month in Caracas, Mr Nobrega had expressed confidence that agreement could be reached by the first week in April.

An outline plan had been reached for a new $5.8bn loan at ⅞ of a percentage point over money market rates and a 20-year maturity with eight years' grace on a $82bn rescheduling.

However, a number of detailed elements remained to be completed, chiefly on the so-called "menu of options" – alternative financing mechanisms to be offered to participating banks. Above all, however, foreign bankers are anxious to see the exact shape of an economic reform package due to be published in Brasilia late yesterday.

Serious doubts have been expressed as to whether the austerity measures aimed at cutting the public sector deficit will be sufficiently tough. If President Jose Sarney again shrinks from taking tough action, an accord with the IMF – deemed essential by many creditors – could prove unattainable, thereby seriously undermining a successful conclusion to the rescheduling deal.

Cocaine smuggler arrested

MR Juan Ramon Matta, described by US officials as "one of the world's most notorious cocaine traffickers," was locked up in an undisclosed federal jail yesterday after being expelled from his native Honduras, Reuter reports from New York.

A spokesman for the US Marshals Service declined to say where Mr Matta had been taken other than that it was to a federal prison.

US officials have long sought Mr Matta, saying he was a key link to Colombia's Medellin cocaine cartel and a suspect in the murder of a US drug agent in Mexico in 1985. American officials have also been critical of his alleged links to the Honduran military.

About 100 Honduran police went to Mr Matta's home in Tegucigalpa on Tuesday, arrested him and put him on a flight to the Dominican Republic where he was transferred to the US. The move appeared to have been coordinated with the US

US economic siege begins to tell on Panama's banks

Panama faces ruin as an international financial centre, writes Tim Coone

"NOT a step backward" is the defiant rallying slogan painted around Panama City by supporters of the increasingly shaky government of General Manuel Antonio Noriega.

But with 1,300 additional US troops flying into Howard air base in the Canal Zone this week, the business strike entering its third week and the financial system paralysed, there would appear to be rather different writing on the wall for Panama's strongman.

Whatever happens to the general, the fate of Panama as an international financial centre is sealed. With canal revenue blocked, no supplies of dollar bills and the banks closed, it is becoming clear that it is facing ruin.

When the crisis blew up last June, there were more than 130 banks registered with the Panamanian banking commission, which oversees and regulates the financial centre. Most were foreign banks handling large offshore deposits which have been used to finance business projects and governments throughout the continent.

However, by the end of 1987 those deposits had fallen 22 per cent, from $41.4bn to $31.4bn. Since then there has been the run on deposits at the end of February which triggered the financial shutdown.

Most of the fall has been registered in the accounts of the foreign banks – down from $36.6bn to $27.8bn during 1987. One big factor was a pull-out by the First Chicago National Bank last year, which at a stroke removed $3bn.

The most immediate concern, however, is over Panamanian banks. Foreign banks can draw on cash reserves at parent branches if efforts to reopen the financial centre this week succeed, but Panamanian banks are faced with a portfolio of shaky loans and nowhere to find cash if depositors attempt to withdraw their funds, even under the new restrictions on withdrawals announced last week. The temptation for many depositors will be to shift funds from local to foreign banks, thereby aggravating the local banks' problems.

Panamanian banks are the biggest lenders to the private sector, which in turn has been badly hit by the liquidity crisis and by strikes over the past year. The present strike has been the most crippling. Commerce has been badly affected and the ability of many companies to repay bank loans is seriously in question.

According to the editor of a local economic newsletter, many businesses are now closed not only in political protest but because of the sharp downturn in sales, in turn due to the fall in the purchasing power over the past two months, as the government has been unable to pay its employees. Private companies have encountered similar problems of finding ready cash, and have shut their doors and sent employees on holiday without pay.

The inherent danger to the financial system can be seen in the composition of $2.9bn in outstanding loans to the local business sector by the private banks. Forty per cent are to commercial establishments – the worst hit by the crisis. Housing loans comprise a further 23 per cent. A decree passed last month suspending all rent payments to ease individuals' cash problems will mean that many housing projects will be in financial difficulties, and hence the banks that have financed them. Industrial loans weigh in with 9 per cent of the portfolio and some of these will also be in difficulties.

Loans to farmers and for fishing, the sectors least disrupted by the crisis, make up less than 5 per cent of the total.

In a final attempt to reactivate the financial system, the Panamanian government is considering printing its own money, ending an 80-year tradition of using the US dollar.

Foreign bankers in Panama consider the move feasible, and it may be General Noriega's only means of buying time while he sits out the US economic siege.

The risk is that the new currency will be rejected. As one banker noted: "The fiscal deficit last year was $900m, funded by bank credit, and the government shows no sign of reducing that." If the government tried to print its way out of its financial problems, hyperinflation would result.

A further factor could equally spell the end for Panama as a banking centre, even if General Noriega were to leave tomorrow.

Said the head of a European bank in Panama: "The US might not look badly on the demise of the Panamanian banking centre. It competes with the US's own offshore centre at Miami, and is looked upon badly because of the use of Panama to launder money from the drugs trade and other criminal activities."

Strict bank secrecy in Panama had been a major attraction for depositors, he said, but "for many people the closure of the banks and the freezing of accounts will have been a very high price to pay for that secrecy."

Offshore groups plan move to Barbados

SEVERAL offshore companies based in Panama are planning to relocate to Barbados because of the crisis, writes Canute James in Kingston.

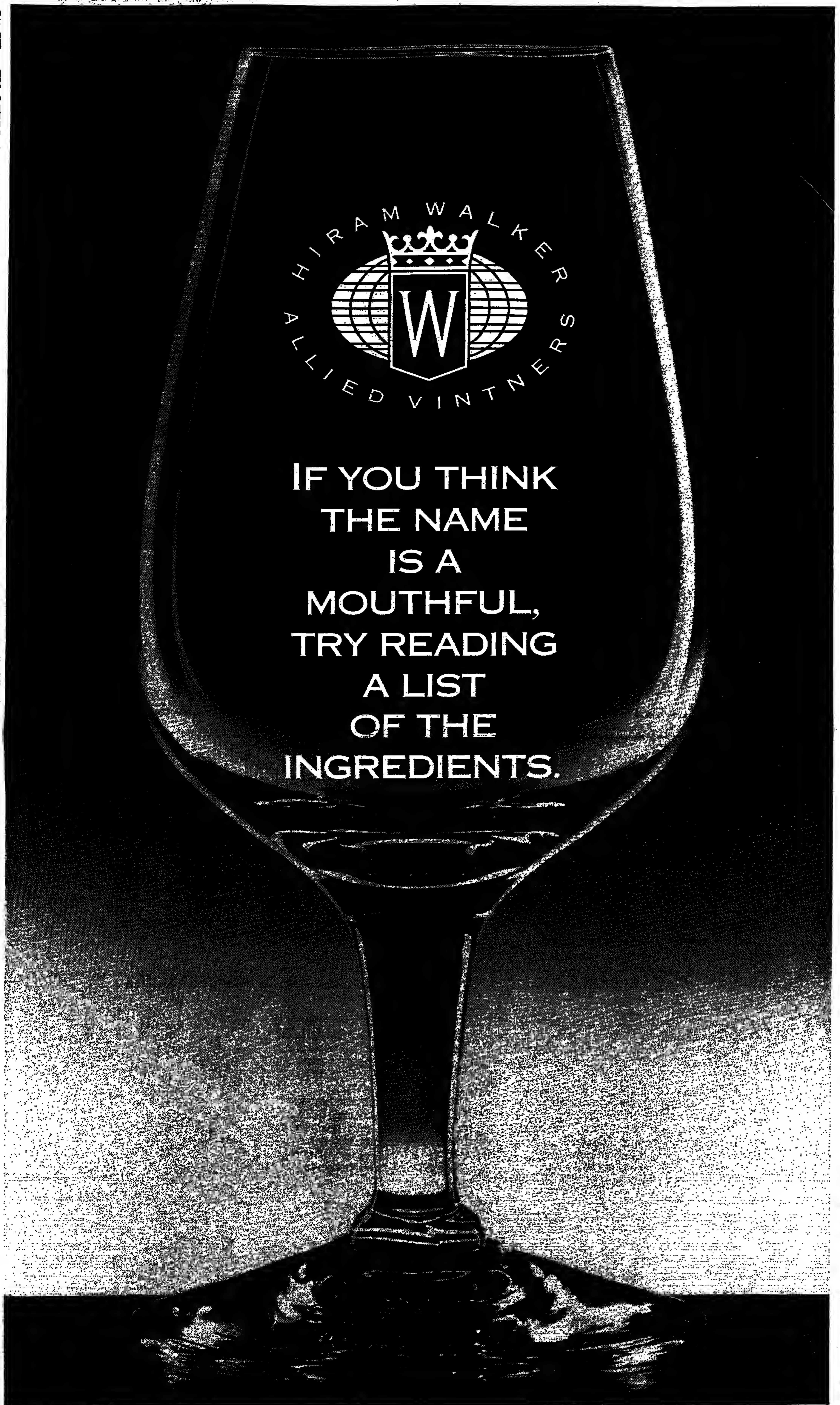
Barbadian officials say about 50 offshore companies have indicated an interest in moving to the eastern Caribbean island which has a small offshore financial sector.

They said the companies considering the move were mainly holding companies, and that offshore banks moving to the island would be carefully screened because the island wanted "real" banking activity and not just a movement of money to the island.

Barbados recently reported high rates of growth in its offshore financial sector, mainly in its captive insurance business, international business companies and foreign sales corporations.

Offshore insurance business on the island has brought in capital and contributed reserves of $180m, according to government officials, who say premium income is just under $700m.

Barbados' offshore banking sector has not experienced the same level of growth as other financial activities, and the island has so far been able to attract only four banks with assets of just over $1bn.



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The company that lies behind all these may have a new name, but the fundamental philosophy is as it was before. The company will flourish only if our brands continue to grow, and this will only happen if we continue to nurture and cultivate what lies at the root of it all — the people whose talents and efforts have made it all

Hiram Walker – Allied Vintners is the Wines and Spirits Division of Allied-Lyons PLC.

Brazil switches to new trade strategy

BY IVO DAWNAY IN RIO DE JANEIRO

BRAZIL has formally abandoned its traditional industrial development policy of import substitution and switched to a strategy of "competitive integration" with the world economy.

The new policy, spelled out at a conference in Rio de Janeiro this week, is the brainchild of the Banco Nacional de Desenvolvimento Economico e Social, the state development bank, and has been hammered out after extensive studies of the rapidly growing Far Eastern economies.

Several prominent independent economists have long been arguing for a greater orientation of industry towards exports and an enhanced role for foreign capital in Brazil.

The new strategy represents a fundamental switch away from the 40-year-old strategy of maximising domestic production for the internal market and intends to offer foreign companies significantly greater scope for activity within the Brazilian economy.

Brazil now produces some 96 per cent of all its non-oil needs and BNDES officials believe the scope for further growth is limited. But the impact of the foreign debt crisis and the financial drain of the state-sector is now starving the country of domestic investment capital.

Mr Julio Mourao, BNDES planning director, confirmed that the new 1988-1990 three-year plan envisaged a sharply increased participation of foreign capital in Brazil.

Companies would be encouraged to enter joint ventures with Brazilian industry and there would be a new emphasis on export growth, traditionally a secondary consideration to the country's internal market.

"The first lesson we learnt from Asia is that exports can be an important motor for growth," he said. "Brazil must in the coming years redirect its industrial policy towards competitive integration with the world economy."

Measures to accelerate that process would involve a gradual reduction in commercial restraints, deregulation of the internal economy and a greater role for market forces.

Presenting the outline document to a seminar in Rio this week, Mr Andre Montoro Filho, a BNDES director, warned that myopic short-term planning would leave Brazilian industry atrophied and uncompetitive.

"We need a new style of government and stategic sectoral planning as opposed to production targets," he said.

Britain plans to increase investments in Malaysia

BY WONG SULONG IN KUALA LUMPUR

BRITAIN intended to increase investments in Malaysia, Sir Geoffrey Howe, Foreign and Commonwealth Secretary, said yesterday.

Sir Geoffrey told Malaysian leaders in Kuala Lumpur that the bilateral investment protection agreement, signed by the two countries in 1981, should be ratified.

Britain is the third largest investor in Malaysia after Japan and Singapore, with total investments of around £1bn.

Sir Geoffrey said Britain was keen to participate in Malaysian telecommunications, water supply and airport management projects as well as in privatisation.

Malaysia made a request for more flights to London. At present, Malaysian Airline Systems has five weekly flights and wants an extra two. Sir Geoffrey said MAS and British Airways met last June on the matter and MAS had to supply more data before further negotiations.

Mr Abu Hassan, Malaysia's Foreign Minister, and Sir Geoffrey agreed that their countries should negotiate on a bilateral agreement allowing for the confiscation of assets of drug traffickers. Talks should start as soon as a bill allowing for such confiscation becomes law in Malaysia.

Japanese dumping floppy disks says ITC

By Louise Kehoe in San Francisco

JAPANESE "dumping" of floppy computer disks has injured US disk manufacturers, the US International Trade Commission has found in a preliminary ruling on a complaint filed by Verbatim, a subsidiary of Eastman Kodak.

The ruling represents one of the first steps toward the possible imposition of dumping duties on Japanese computer disks exported to the US. The suit centres on 3.5-inch floppy disks commonly used to store data and programs on personal computers.

Verbatim charges that Japanese disk manufacturers, including Fuji Photo Film, Sony and TDK, are committed to dominating the computer disk market and that they have sold disks in the US for as little as 50 per cent of the cost of manufacture.

Japanese manufacturers, who control over 75 per cent of the US market, drove prices down from $2.26 per disk in the first quarter of 1985 to $1.24 per disk in the third quarter of 1987, the US company claims.

The trade dispute over such a widely used product may exacerbate trade tension between Tokyo and Washington. Like the trade dispute over semiconductor chips, the computer disk case highlights the increasing dependence of US industry and defence on Japan for critical parts.

Following the ITC ruling, an investigation will be conducted by the US Commerce Department which must determine whether dumping, or selling below cost, has occurred.

According to Verbatim, US sales of 3.5 inch disks totalled 43.4m units in 1986 including 40.2m in imports.

Sales increased dramatically last year as major personal computer manufacturers including Apple Computer and IBM switched to 3.5 inch disks from the previous generation of 5.25 inch disks.

Verbatim estimates that sales for the period January to November 1987 totalled 86.3m units, including imports of 79.9m.

Use of aid-sweeteners appears to be growing, Peter Montagnon reports

Worries surface over export credits pact

NAGGING worries have surfaced in the Organisation for Economic Co-operation and Development that last year's agreement on curbing subsidies on export credits may have been less than effective in achieving one of its key objectives.

The agreement was hailed at the time as a milestone in efforts to curtail so-called mixed credits or export credits sweetened with development aid. Yet figures which emerged at last week's OECD Export Credit Consensus meeting in Paris suggest recourse by industrial countries to such incentives is still growing at a record clip.

Mixed credit offers notified to the OECD last year jumped to SDR9.2bn from SDR6.4bn in 1986. Particularly striking was the increase from SDR3.8bn to SDR5.4bn between the first and second halves of the year when the first stage of the agreement came into effect.

Export credit officials are still uncertain what to make of this trend but it has encouraged assumptions on the part of many Consensus participants that international rules on mixed credits may need to be tightened further.

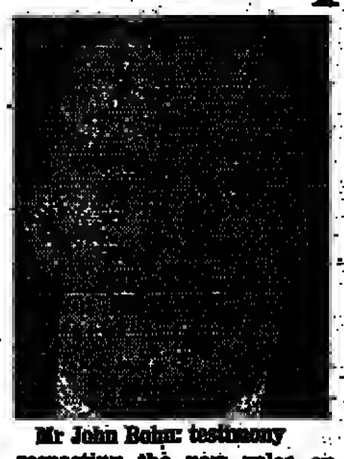
An indication of continuing US concern came in Congressional testimony last month by Mr John Bohn, Eximbank chairman. He singled out France and Japan as countries which had sharply increased their offers of mixed credits. French offers had tripled to $2.4bn (£1.3bn) in 1987; Japanese offers had risen to $3.5bn from $2.7bn, he said.

"While the new arrangement has made tied aid credits substantially more expensive for donor governments, it has not eliminated them," he warned.

For the time being, however, none of the participants in the 22-nation Consensus is particularly keen to re-open last year's agreement. Not only is there a lingering feeling of fatigue after the protracted and complex negotiations it entailed, but the second stage, which involves further restrictions on mixed credits, will only come into effect in July.

In addition, there are still doubts about the true significance of the latest jump in mixed credit offers. Some officials argue that the OECD figures may be misleading. Though offers have grown, anecdotal evidence suggests that the actual take-up rate by cash-strapped developing countries is still very low.

Far from indicating that OECD countries are willing to absorb the higher budgetary cost of



Mr John Bohn: testimony

respecting the new rules on mixed credits, the proliferation of offers may simply reflect a decision on the part of donor governments to swamp the market with offers in the full knowledge that few will actually be taken up, they say.

The latest OECD figures may thus simply be more an reflection of poor market conditions than of flaws in the OECD agreement. "We're dealing with a buyers' market where OECD countries are still tumbling over one another to do large capital projects," says Mr John Coleman, the senior Canadian official who chairs the Consensus.

A fresh test will come in July when the minimum grant element on mixed credits to middle-income developing countries will be increased to 35 per cent from 30 per cent at present and 25 per cent before the agreement was struck. The hope is that the additional cost of providing such credits will finally deter governments from using aid to "buy" business in the developing world.

If it does not, senior Consensus officials say, it may be necessary to start looking for new ways of tightening the rules, either by increasing the minimum grant element still further. This could be achieved by restricting the sectors to which mixed credits can be applied - they are already outlawed for sales of aircraft and nuclear power plants - or by confining their application to the poorest developing countries.

Mr Coleman already gave the Consensus a discreet push in the direction of further reforms last week. To establish an agenda for future discussion, he asked participants for their comments on a number of areas in which present arrangements for export credits might be strengthened to reduce the level of subsidisation and increase fair play.

Apart from the question of mixed credits these included several matters related to conventional export credits. Though interest subsidies are being outlawed on official credits to richer countries from July this year, they will still be permitted on loans to middle income and poor developing countries.

This offers little commercial benefit, however, to exporting countries whose market rates are below the official OECD matrix of rates for export credits. Countries with interest rates higher than the matrix can still offer buyers in the developing world an interest subsidy which some argue gives them an unfair advantage in the marketplace.

One idea being canvassed in Paris last week was that the scope for such subsidisation should be further reduced, possibly in exchange for an agreement to lengthen the permitted maturities on export credits.

Ultimately, this offers a glimpse of a possible new and radical package of export credit reforms. Such a package will be a long time in the making, not least because of the US presidential elections later this year, but after last week's stock-taking exercise in Paris, the feeling is growing that a new push for reform may slowly gather speed.

Way clear for Israel to buy German submarines

BY ANDREW WHITLEY IN JERUSALEM

THE Israeli Defence Ministry has given its long-delayed approval to a $1.5bn (£833m) re-equipment programme for the country's navy, clearing the way for the purchase of diesel-powered submarines from West Germany and a new class of large missile boats from the US.

Budgetary difficulties, complicated by a lengthy national debate over the fate of the Lavi combat aircraft, held up the navy's requests for two years.

Once the decision was taken last summer to scrap the US-financed aircraft project, part of the $1.8bn the US provides Israel annually in Foreign Military Sales grants were freed for the navy's needs.

These are for four 1,200-tonne warships packed with electronic warfare equipment and three Dolphin class medium-sized submarines, built to a standard West German design. Scheduled to enter service during 1995, the new vessels will improve enormously the limited capability of the small and ageing navy.

Legal requirements governing the use of US aid funds, coupled with West German restrictions on the direct sale of military equipment to the Middle East, mean that overall responsibility for the programme will be given to a US contractor.

Bidding for the master contract are the Todd Pacific Shipyard Corporation and a division of Litton Industries. Tenders, originally invited two years ago but subsequently frozen, are thus expected to be reopened in the coming weeks.

On the German side, leading contenders for work on the submarines, as sub-contractors to a US shipyard, are Howaldtswerke Deutsche Werft (HDW) and Thyssen Nordseewerke.

However, continuing restrictions on the Israeli defence budget have compelled the navy to scale down its requests to the Defence Ministry.

US-Israeli consortium set for mortar deal

By Andrew Whitley

A US-Israeli consortium was due yesterday to sign a 10-year contract to supply the US Army with heavy mortars and shells potentially worth more than $100m (£55m).

The bid by Soltam, a subsidiary of Israel's Koor Industries, and Martin Marietta, of the US, was awarded last month, against French and Spanish competition, also in association with US partners.

If options are confirmed, it will be the largest single order won by Israel in the US and should establish a beach-head for Israeli defence suppliers in the fiercely competitive US military market.

Soltam said that in the first two years of the contract, envisaged as a trial period, the value of the order would be between $18m and $24m. An option to renew could lead to a doubling of sales.

Turkey calls more groups to power-station talks

BY JIM BODGENER IN ANKARA

THE Turkish government has invited two more consortia to return to negotiations for build-operate-transfer contracts for large thermal power stations. It is already negotiating with a group led by Australia's Sea-pac Control Services and with another led by Bechtel Corporation of the US.

Ankara is determined, after negotiations lasting over two years, to get one final contract in place by June, officials say. A group led by Japan's Electric Power Development Company (EPDC) has been invited to return on April 18 to discuss its proposal for a 1,000MW plant costing about $858m (£473m) at Aliaga near Izmir.

As a fallback, another group led by Switzerland's BBC Brown Boveri Company may come back in May to discuss its scheme for a 916MW plant at Ambarli outside Istanbul.

The Sea-pac, Bechtel and EPDC groups were ranked in that order of priority in the autumn. Negotiations with the Australian-led group for its 1,400MW scheme costing around $1.5bn near Yumurtalik have been delayed by the withdrawal of the Queensland state government.

Ankara invited Bechtel back in March for negotiations on its proposal for an $800m power plant with an output of 960MW at Tekirdag on the Sea of Marmara.

● Istanbul Municipality's award of a contract valued at about $250m to a UK-led consortium for the construction of a major local traffic highway in the city has been confirmed by the central government's State Planning Organisation (SPO). This clears the way for a final contract signature after the group's financing details are concluded.

There was some apprehension that a new mood of austerity in the SPO and the Treasury towards project spending might delay the award. Few new large schemes will be initiated in 1988.

State high-tech scheme 'suffered shortcomings'

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

THE GOVERNMENT's ambitious attempt to strengthen the country's information technology industry through the £350m Alvey research programme suffered from significant shortcomings in management and financial controls, according to the National Audit Office.

In a broadly critical review of the programme, the Audit Office says that heavy spending on administration and support facilities will mean that expenditure on genuine research items will be about £80m less than originally envisaged.

It also tabulates a series of long delays on specific projects, extensive difficulties in bringing together collaborative teams to work on the different programmes, and limited success in involving small companies in the research effort.

Five large UK companies accounted for more than half of the total participation in the scheme, with the General Electric Company involved in 59 projects, ICL in 49, British Telecom in 37, Plessey in 35 and STC in 29.

The National Audit Office, an independent watchdog funded directly by Parliament, is not intended to make recommendations on future policy. Nevertheless, it issues a clear warning about the need to establish firmer controls over collaborative research programmes in future, saying that government departments should be aware of the requirement for adequate staffing and management information systems in such projects.

The report avoids a final judgement on the impact of Alvey, which was introduced to help marshall the research resources of industry, Government and the universities at a time of great anxiety over the expansion of the Japanese and US information technology industries.

On the positive side, it says that "a substantial amount" has been achieved in commissioning new research and "closer co-operation within and between industry and academic institutions."

But against this, it adds that the rate of exploitation of Alvey funded research appears lower than the Alvey Committee expected.

The report is particularly critical on the issue of the large-scale demonstrator projects, which were developed to test emerging technology and assist its potential commercial application.

The four projects chosen each cost over £6.7m, and were subject to substantial delays of at least nine months before being the finalisation of the collaboration agreements. One took two years to establish and the report says that Alvey technology was used to a substantial degree in only one of the four.

The Government is also criticised for the continuing skills shortage in the information technology industry, which constituted a considerable drawback for the scheme. The first Government initiative to increase the supply of IT graduates succeeded only in maintaining the existing levels, the report says.

Despite recommendations a year ago for a further large-scale programme to succeed Alvey, the Government has chosen to slim down its activities in this field to a £29m programme alongside the expenditure of £55m in the Science and Engineering Research Council.

Tube safety attitude attacked in inquiry

BY FIONA McEWAN

THE KINGS CROSS tube station fire disaster which claimed 31 lives last November could happen again unless there is a comprehensive change in London Underground's attitude to safety, it was claimed yesterday.

Mr Roger Henderson, QC, counsel to an inquiry into November's tragedy, said top management had become more concerned with economics and efficiency and had often overruled safety recommendations on grounds of cost.

He called for a "root-and-branch" change in London Underground's attitudes to safety and proposed a third-party overseer, such as a Railway Inspectorate or the Health and Saftey Executive, to avoid "indifference and inertia."

The public inquiry was ordered after the disaster, the first part of the hearing held to establish what happened at the tube station on the night of November 18. The second part of the inquiry which began yesterday, is intended to investigate the reasons for the fire.

Opening the proceedings, Mr Henderson, who is presenting evidence collected by the Treasury solicitor, also disclosed that London Underground management had refused to hand over vital documents to the inquiry. These were the minutes of board meetings with recommendations on safety for the Underground.

Safety standards at all levels had been allowed to slip, said Mr Henderson. He suggested that managers had been lulled into a "false sense of security" by the lack of serious fires in the Underground's history. "At the highest and higher levels, insufficient regard was given to the safety of operation in stations."

He criticised the lack of any proper system for overseeing safety provision, or of proper meetings at which those responsible could be called to account.

Middle management had "no appropriate impetus from above to maintain high levels of attention to safety."

At manning and cleaning levels, the staffing adequacy must be open to serious question, he said, adding that the humdrum nature of the work, levels of pay, lack of mechanical aids and often uncongenial circumstances possibly combined to a "less than satisfactory performance."

However, staff "couldn't reasonably have been expected to do much better" since there was a clear lack of training or repeated training for staff.

Mr Henderson concluded from reading the documents, that "non-allocation of resources is a material contribution to the lack of safety at King's Cross."

He told the inquiry there were numerous references to the cost of safety measures being "too great to be borne, considering pressing needs elsewhere."

He said: "There needs to be e change in the management approach to ensure that there is an objective appraisal of safety at stations."

Safety recommendations put forward include control centres at tube stations to allow constant monitoring on television equipment, removal of wooden components to escalators and other fire hazards and strict enforcement of the smoking ban.

John Birt

BBC head hits out at state of journalism

By Raymond Snoddy

BRITISH journalism is in an unhealthy condition and needs tougher self-regulation, Mr John Birt, deputy director general of the BBC, warned last night.

The media had to put their house in order if they were to avoid further government restrictions and encourage freer flows of information.

"In broadcast and print, tabloid and broadsheet, there is room for improvement, both in terms of the craft standards and of the code of ethics which underpin British journalism," Mr Birt said in the Fleming Memorial lecture on Decent Media at the Royal Institution in London.

The popular, down-market press regularly showed insufficient concern for standards of good taste and decency and sometimes indulged in "outright invention." In some broadsheet, more highbrow, newspapers too little care was taken over facts, and anonymous allegations and rumour were reported unchecked.

Although lapses of standards in broadcasting were not on the same scale people were still being taken unfair advantage of in studios and impartiality in broadcast journalism was a withering plant, said the man who was appointed to restructure and reform the BBC's own news and current affairs output.

"If we do not put our own house in order, more restrictions are likely, and we risk e spiral of decline," he said.

Mr Birt proposed a five-point code for British journalism:

● The press should voluntarily give the Press Council wider authority and powers;

● The creation of a Council of the Media where all media regulatory bodies would discuss editorial policy and ethics;

● The introduction of an ombudsmen at individual newspapers and broadcasting organisations to investigate complaints;

● Better and more formal training for journalists;

● The introduction into the British media of the American idea of "fact-checkers."

Homes and cars add most to 1987 retail inflation index

BY RALPH ATKINS

RISING HOUSING and motoring costs had the largest impact on retail price inflation last year, an official report published yesterday has revealed.

The retail price index — which measures the cost of a basket of goods and services bought by an average household — rose 3.3 per cent between January 1987 and January 1988. Within that total, housing and motoring expenditure each accounted for a 0.6 per cent increase.

The index breakdown is published in April's issue of the Employment Gazette, the official journal of the Department of Employment. It details price changes in 14 main groups of goods and services used by the department's statisticians as well as changes for sub-groups.

The effect of each item on the inflation rate varies according to its weight — or to the proportion of total expenditure the average household is estimated to spend on the good or service.

Thus the largest increase among the main groups was a 6.4 per cent rise in catering — or meals bought outside the home. But this rise increased the index by only 0.3 per cent as eating out forms a relatively small part of household spending.

Among individual items, the biggest rise was for motor insurance which increased in costs by 22 per cent last year. At the other extreme, coffee prices fell by 8.6 per cent while gas prices were 4.5 per cent lower.

Housing costs, which are estimated to have accounted for 15.7 per cent of spending, increased by 3.9 per cent last year. That was less than half the rate of increase recorded in 1986.

Local authority rates, which rose 7.7 per cent, were the biggest influence on housing costs. Rents increased by an average of 5.7 per cent.

By contrast, mortgage interest repayments fell 3.7 per cent. Two phases of mortgage rate cuts during the year were more than enough to offset an increase in debt outstanding caused by higher house prices and a reduction in tax relief after tax cuts announced in the 1987 budget.

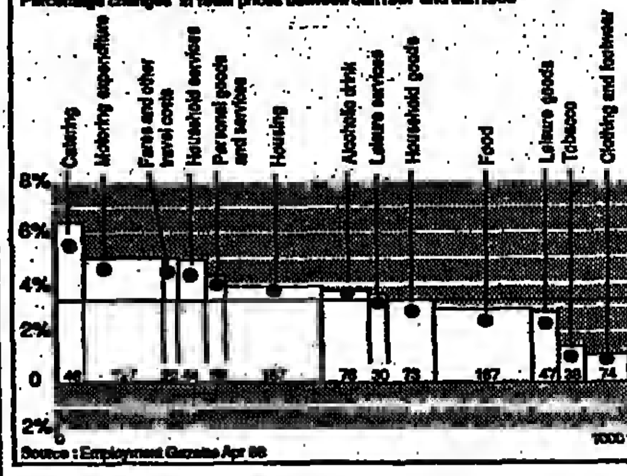
The price of food, which accounted for the largest share of household spending, increased by 2.9 per cent. There were above-average increases in many fresh foods, probably as a result of bad weather.

The good news for sweet-toothed households was a modest 0.7 per cent increase in sweet and chocolate prices. Cake and biscuit prices, however, rose by 3.0 per cent.

Revised index weightings for 1988 suggest housing and motoring costs will have a larger influence on inflation. In both categories the weights have increased.

The catering, alcoholic drink and leisure goods categories are also forecast to rise while fuel and light, and clothing and footwear are expected to fall.

RPI Contributions to the increase in the 'All items' index
Percentage changes in retail prices between Jan1987 and Jan1988



Source: Employment Gazette Apr 88

BA no-smoking trial may herald ban on all routes

BY MICHAEL DONNE

BRITISH AIRWAYS is to ban smoking on its London-Glasgow Shuttle services for a one-month experiment from April 26. Further no-smoking trials on short-haul European routes and some flights to the US will follow later this year.

If enough passengers welcome the move BA will consider making the ban permanent on some, if not all, flights.

The trials will be used to check preliminary research which has indicated that fewer than one in 10 passengers would object to a permanent no-smoking rule in all sections of an aircraft.

That research also showed that 43 per cent of passengers would fly with BA more often if it offered some no-smoking services; only 11 per cent would rather fly with another airline if smoking was not permitted.

On European routes, some flights to Vienna and Gothenburg will be non-smoking for one month from June 6, and from November 7 some flights from Heathrow to New York and from Gatwick to Los Angeles will also become non-smoking.

Passengers will be informed at the time of booking if smoking is allowed.

Mr Jim Harris, BA's marketing director, said yesterday: "In recent years, demand for no-smoking areas on our aircraft has grown and grown. Today, on most routes, smokers are very much in the minority."

UK NEWS

Benn sharpens left assault on Labour leadership

BY JOHN HUNT

MR TONY BENN, the left wing contender for the leadership of the Labour Party, last night delivered a strong attack on Mr Neil Kinnock, the Labour leader, and Mr Roy Hattersley, the deputy leader, accusing them of running the party in an authoritarian manner.

In the most outspoken speech of the leadership battle so far, Mr Benn claimed that they were trying to dilute socialism and attempting to silence left wing critics who disagree with their proposals fo reform party policy.

He said that he would use the leadership election to launch a "campaign for socialism."

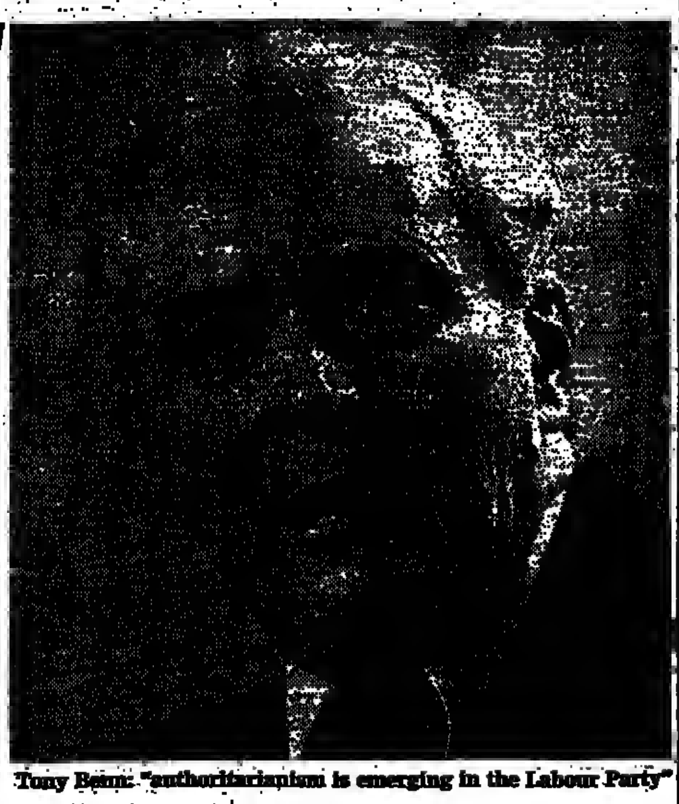
Meanwhile, Mr John Prescott, Labour's energy spokesman, who is contesting the deputy leadership against Mr Hattersley, held a two-hour meeting with his campaign team at Westminster yesterday.

A spokesman for Mr Prescott said afterwards that they were confident of getting the backing of 50 per cent of the 229 Labour members of parlaiment, a majority of the constituency parties and were hoping to do well among trade unions.

Mr Prescott emphasised that he was contesting the deputy leadership and reaffirmed his support for Mr Kinnock as leader.

The other contestant for the deputy leadership is Mr Eric Heffer, left wing MP for a constituency in Liverpool, north-west England.

Mr Benn, speaking to a meeting in Basildon, argued that a succession of Labour leaders, beginning with the late Hugh Gaitskell, had been trying to change the nature of the Labour party by weakening its links with the trade unions and weakening its socialist perspective in an attempt to win the middle ground.



Tony Benn: "authoritarianism is emerging in the Labour Party"

The same process was now being advanced in the name of the "new realism," he said.

According to Mr Benn, Mrs Thatcher had sought to destroy the Conservative Party of Churchill, Macmillan and Heath and re-establish it in her own image, as harsh, repressive and unjust, centralising and strengthening the state's power to silence and crush all dissent and destroy all opposition.

He went on: "Authoritarianism is also emerging inside the Labour Party, with fierce attacks by the leadership on anyone who challenges it or opposes the new SDP-type policies that are apparently to be forced through conference on a vote of confidence."

He said that everyone should be allowed to hear the case for peace and non-alignment, full employment, better public services and common ownership.

Labour should be arguing for these reforms "instead of peddling the stale policies that failed in the past and led to the defeat of so many past Labour Governments."

Electronics suppliers dismiss accusations of 'shoddy' products

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

THE LEADING UK electronic components trade association yesterday summarily dismissed claims that British manufacturers are missing opportunites to sell components to Japanese electronic equipment suppliers because of shoddy quality.

An industry investigation of Japanese television manufacturers in the UK last year failed to turn up any serious complaints, said the Electronic Components Industry Federation.

"When the Japanese television companies first started manufacturing in the UK, there were a number of complaints that quality was not up to Japanese standards. But I believe that this is no longer the case," said Mr Richard Bullock, the Federation's director general.

Mr Bullock's comments follow reports on a preliminary study commissioned by the Department of Trade and Industry and the Japanese External Trade Organisation, part of Japan's Ministry of International Trade and Industry. The study, by the Coopers & Lybrand consultancy group, concluded that Japanese equipment producers were dissatisfied with the performance of UK suppliers in several areas, including marketing, prices and delivery, as well as quality.

Although the federation represents only one section of the components suppliers in the electronics industry, its membership is responsible for about three quarters of the UK's semiconductor market and includes several Japanese chip makers.

Mr Bullock said that the association visited eight Japanese television companies last year in its investigation of the relationship between Japanese equipment manufacturers and local UK component suppliers.

One of these television companies, he said, was manufacturing sets with about 90 per cent local content. In addition, the Japanese companies had made a formal declaration three years ago that the quality of UK components was no longer a problem.

ICL reorganises to step up drive into Europe

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

ICL, the UK computer group, is stepping up its drive into the European market with a series of organisational changes aimed expanding through acquisitions and new products.

The changes include a new strategy board under the chairmanship of Sir Michael Butler, the former British Ambassador to the European Community, and headed on a day-to-day basis by Mr Alan Rousell, the former managing director of ICL UK.

Mr Peter Bonfield, chairman of ICL, said yesterday that he wanted to create a central focal point within the company to prepare for the dismantling of European trading barriers in 1992.

The strategy board, he added, would concentrate on three main issues – the continuation of efforts to establish open markets in Europe; acquisitions and joint ventures; and new product offerings for cross-frontier markets in areas such as transport systems, financial services, and electronic data interchange.

TUC stalls on no-strike deals

BY CHARLES LEADBEATER AND RICHARD TOMKINS

MR BILL JORDAN, president of the AEU engineering union, said yesterday that discussions between senior union leaders over what policy the Trades Union Congress should adopt towards controversial single-union, no-strike deals had lessened the possibility that his union might consider leaving the TUC.

However, the special review body of union leaders, partly set up to formulate a common policy on no-strike agreements, was forced to defer a decision on the issue because of deep differences.

Mr Jordan said an open split in the TUC could be averted if TUC procedures covering no-strike deals incorporated measures discussed yesterday which would permit a union's special circumstances to be taken into account.

The AEU, along with the EETPU electricians' union, had warned it would ballot its members on withdrawal from the TUC over the issue. But Mr Jordan said he was satisfied that some of the proposals, which might have severely restricted their freedom to sign agreements, had been "put to bed."

Mr Jordan's positive assessment of the meeting will be welcomed by TUC officials who face the difficult task of creating a formula which could be accepted by right-wing and left-wing leaders.

The special review body of 20 union general secretaries agreed there should be a code of practice which unions should follow in signing single-union agreements. While the AEU and the EETPU voted against the proposal, it seems they are not opposed to the principle of the TUC operating a code.

However, the review body was unable to agree on most of the details. A detailed discussion of strike-free agreements was deferred after Mr Ron Todd, the Transport and General Workers Union's general secretary, suggested the code of practice should include a clause that "unions should not be party to compulsory arbitration (no-strike) agreements."

Reconciling the needs of the small shareholders and smaller accounts

Richard Waters examines whether a shorter summary of results gives investors short shrift

A PROPOSED change in UK company law which would permit the sending of shortened annual accounts to shareholders is not an entirely new idea. However, it is already raising strong passions among investors who believe that it will hinder rather than help wider share ownership, as corporate affairs minister Mr Michael Howard recently claimed.

Many shareholders already receive shortened accounts. Building society shareholders, for instance, have traditionally been given only a summary of a society's results. Investors in personal equity plans have since last autumn received no accounts without asking for them: plan managers, who had complained about the cost of distributing the reports of all the companies in a share portfolio, now only send the reports on request.

There are also overseas precedents. The Securities and Exchange Commission last year permitted General Motors to send out shortened accounts. It did not, however, since it said an accounting change it will have to make in 1989 would have confused the readers of mini-accounts.

Elsewhere, pharmaceuticals company McKesson and Cleveland bank Society Corporation, have produced short reports. But a general antagonism among US analysts has meant companies have been slow to adopt these reports, says Ms Mary Finan, a senior partner with US auditors Arthur Young.

Mr Maude proposes that British shareholders should still be able to get full accounts, if they ask for them. This mirrors US practice, but contrasts with Australia, where shareholders have to ask for the shorter version.

The Government plans to publish regulations of what would be required in shortened reports.

The UK move, planned for the next Companies Act, follows a campaign by recently floated companies such as TSB, the broadly based banking group, and British Telecom.

TSB, which spent £1.25m last year on its report to 1.3m shareholders, claims that two thirds would prefer a simpler version. The fifth that want the detail would be able to get it on request. The cost saving of shorter accounts would not be significant, it claims: the point is to cut out inefficient reporting.

This poses awkward questions for accountants and regulators.

Mini-accounts are likely to contain the basic financial highlights, without the pages of notes. But do the figures in the profit and loss account and balance sheet mean anything in isolation, without the notes? Do the graphics and financial summaries, likely to take on greater importance in a short report, reflect the truth?

The poor quality of much financial reporting is excused on the grounds that as long as there is full disclosure, then shareholders are not misled. That has acted as a block to the real issue: whether "the bottom line" in a profit and loss account actually means anything.

The next companies act, due in the next session of Parliament, is likely to require greater disclosure on matters ranging from how companies have accounted for their acquisitions to what they paid their auditors for services other than auditing. This information is considered by the DTI to be vital to understanding accounts. But it all appears in the notes, rather than on the face of the accounts.

The accountants are trying to fight back. A recently proposed accounting rule would force companies to bring items artificially removed back on to their balance sheets. However, this plan is already running into flak.

Equally a matter of concern is the way that the use of reserves has been explicitly condoned in recent accounting rules. Steering items through reserves keeps them out of the profit and loss account, as well as relegating them to notes.

Professional users of companies' accounts have not pressed for better accounting: they are happy with full disclosure in the notes. Indeed, obscure financial reporting presents them with a chance of proving their skills and helps to keep them in business.

The various financial summaries and highlights produced for the uneducated reader, which are likely to form an important part of mini-accounts, also need to be treated with caution. They certainly do not always show a "true and fair view", since the auditors do not report on them.

Until these matters are improved, mini-accounts are unlikely to help the country's growing number of small shareholders. Under Mr Maude's proposed system, full accounts would remain impenetrable to the average reader and may become still more obscure.

BA faces disruption in cabin staff dispute

BY JIMMY BURNS, LABOUR STAFF

BRITISH Airways' short-haul flights within the UK and to Europe could be disrupted next month because of a dispute involving 800 cabin staff.

Last-minute talks between union officials and the company last week only narrowly averted the grounding of some flights at Gatwick Airport, south of London, on Friday, it emerged yesterday.

Now union officials are warning that 3,000 cabin staff working on short-haul flights for British Airways and its charter-arm, British Airtours may be balloted next month on industrial action.

The dispute is about new contracts which cabin staff employed by the two companies are being asked to sign as part of BA's reorganisation of its operations, after its merger with British Caledonian Airways.

Officials of the TGWU transport union say the company's decision unilaterally to impose the contracts, governing pay and conditions, on cabin staff by May 28, is in breach of a procedural agreement on relations between staff and management.

The agreement requires the company to give its staff six months notice of any change to their employment contracts. It also makes changes subject to negotiation through the National Sectoral Panel, a union body representing all short-haul and long-haul staff employed by BA.

Union officials say the pay and conditions being offered under the new contracts are broadly similar to those currently in place. But they see the present dispute as a test-case for union rights within a re-organised BA.

Union officials also believe that British Airtours staff are being treated less well than BCal staff.

● Union officials representing BCal staff confirm they have dropped plans to take legal action against BA over the company's intention to merge the BCal pension fund with its own.

BCal staff had argued that a merger of the two funds would result in reduced benefits, and wanted their existing scheme to continue.

Last month the trustees of the BCal pension scheme agreed arrangements for handling the pension rights of BCal staff joining British Airways.

Mr John Bryden, chairman of the BCal Pension scheme trustees, has told members that trustees believe the arrangements will provide a "fair deal."

BCal staff joining the New Airways Pension Scheme (NAPS) will be offered added years of pensionable service, which will maintain the value of their accrued rights in the BCal scheme.

They will also be offered the option to have their rights in the BCal scheme frozen, as a deferred pension, or to buy an annuity with its cash equivalent.

Secondary mortgage market to stay small

BY DAVID BARCHARD

THE FRAGMENTATION of the housing finance market in the UK is likely to continue, but securitisation – the selling of mortgages as financial instruments – has little to offer the traditional lenders of mortgages, the building societies and banks, a report published today by the Building Societies Association argues.

But it gives a warning that institutional investors and intermediaries are finding new ways to exploit a more competitive mortgage market.

The report, "New Lenders and the Secondary Mortgage Market" looks at changes in the British housing finance market where new institutions, benefiting from new technology and government-inspired deregulation have made inroads into the traditional markets of the building societies.

New lenders, mortgage companies relying on wholesale funds to finance their house loans, now take 10 to 15 per cent of the market, the report says. Five new mortgage lenders in particular, have led the way to closer integration with the rest of the financial markets and to the establishment of a secondary mortgage market.

During the 10 months ended in March, the UK saw 12 issues of mortgage-backed securities, totalling £1,475m, each made by specially formed vehicle companies which bought the loans from the original lender.

Interest on mortgage-backed securities was mostly at e margin of between 35 end 42.5 base points over the London Interbank offered Rate (Libor), rising to 50 basis points after seven to 10 years.

Securitisation helps institutions withont e deposit base, such as the new lenders, because it allows them to grow faster. Mortgage-backed securities are attractive instruments for institutional investors to buy because they give security and high rates of interest.

The report, written by Mr Mark Boleat, director general of the BSA, says that for building societies, securitising and selling their mortgage loans is currently of little value because there are more cost-efficient ways to fund their operations and mortgage-backed securities would not be a cheap way for societies or the banks to raise funds.

Mr Boleat argues that until the banks and building societies do become mayor players in the secondary market for mortgages, it will probably stay small by comparison with the primary market, and remain the reserve of the mortgage companies.

UK NEWS

Peter Marsh reports on Glaxo's new moves in a competitive area of pharmaceuticals

Attacking the heart of the market

THE WORLD market for heart drugs, one of the biggest and fastest expanding areas of the health-care business, is a tempting target for Glaxo, Britains's largest pharmaceuticals company. "We have a very small stake in it; we wish we were bigger," says Sir Paul Girolami, Glaxo's chairman.

Many industry commentators share his view that the lack of a strong portfolio in these products is a significant weakness for the group, which in recent years has become one of the world's top six pharmaceutical concerns largely through sales of its "Zantac" anti-ulcer formulation.

Glaxo, which last month revealed a generally promising set of half-year figures showing a 6 per cent growth in profits, gained only 3 per cent of its 1987 revenue of £1.7bn from heart drugs. It is, however, taking urgent steps to correct matters.

The company is directing a significant portion of its £220m research and development budget at this sector of the pharmaceutical business. It has also recently agreed with F. Hoffman-La Roche and Sandoz, both of Switzerland, to help market four new heart products which these companies are developing and which should be on sale by the early 1990s.

Nearly all the world's big pharmaceutical concerns view heart drugs with intense interest. According to a study by Robert Fleming Securities, the London stockbroker, sales of drugs to treat heart ailments and related conditions affecting the blood vessels reached £7.4bn in 1986, roughly a tenth of the world drug market. Sales are forecast to reach £13.2bn by 1991, an annual growth rate of 15 per cent.

The good prospects for the sector, largely explained by the high incidence of heart disease in the developed world, are helped by an increased consumer interest in drugs that reduce the effect of factors contributing to cardiovascular ailments.

Included among such medications are products that remove cholesterol from the bloodstream. High concentrations of cholesterol, which can "fur up" blood vessels and interfere with the flow of blood to and from the heart, are often a precursor to heart attacks.

Merck, the US company which is the world's biggest drugs manufacturer, has been highly successful with Mevacor, an anti-cholesterol drug which it launched last year.

Nomura Securities, the Japanese stockbroker, believes sales of the product will reach £100m this year and grow by 50 per cent in 1989.

Bristol-Myers and American Home Products, two other leading US companies, are also conducting research into promising cholesterol-reducing drugs.

Other types of heart drugs can be prescribed in a variety of circumstances, ranging from treatment of a potentially fatal stroke to that of mild hypertension (high blood pressure).

Considerable excitement has been generated in recent months by the potential for thrombolytic drugs for treating heart attacks. These products, which dissolve the blood clots that cause the attack, are not new, but their use has been limited by side-effects.

Activase, a thrombolytic product made by Genentech of the US, has caused great interest since its launch last year and is on course for sales of £170m in its first 12 months, say analysts.

Eminase, a drug with similar properties made by Beecham, is likely to offer substantial competition. The product, which is not yet on sale in markets such as the US, France and Britain, may be suitable for issuing to ambulance crews who could dispense it while a patient is on the way to hospital.

This could be an important advantage over Activase, which has to be transfused into a heart-attack victim in an operating theatre.

However, it is unlikely to enter the important US market until 1990, well after Activase.

Imperial Chemical Industries, Britain's second biggest drug company, is among the leaders in beta-blockers, a relatively old type of drug used for treating hypertension, as well as other heart conditions.

Growth in the beta-blocker market, worth about £1.2bn in 1986, was rapid in the early 1980s, but has slowed down considerably in recent years.

Beta-blockers, which can cause loss of memory, fatigue, insomnia and depression, are far from perfect drugs and are being edged out by new classes of formulation for treating similar conditions with fewer side-effects.

In the vanguard are angiotensin-converting enzyme (ACE) inhibitors, which work by causing blood vessels to become imperceptibly wider, thus reducing blood pressure and cutting the load on the heart.

In the past four years, ACE inhibitors have been among the smash hits of the drug industry, with sales growing from almost nothing in 1984 to about £800m last year. Nearly all sales come from just two drugs, Capoten and Vasotek, made by Squibb, a big US company, and Merck.

Merck has developed a third ACE inhibitor called Prinivil which ICI is selling under a licensing agreement, using the name Zestril.

Sales are slowly taking off, while other leading drug companies such as Hoechst of West Germany and Ciba-Geigy of Switzerland plan to introduce similar ACE inhibitors in the next few years.

Competition has already become intense in another class of drug for heart conditions, called calcium antagonists, which were developed slightly before the ACE inhibitors.

Bayer, the West German company, is concentrating on a portfolio of calcium antagonists which have highly selective properties and which, in theory can be dovetailed to suit a patient's particular problems.

WORLD HEART DRUG MARKET

	1986 sales (£bn)	1991 sales (£bn)	Annual growth rate (%)
Beta-blockers	1.27	1.71	6.6
Calcium antagonists	0.87	2.42	35.1
ACE inhibitors	0.48	2.02	63.1
Cholesterol reducers	0.15	0.75	76.4
Thrombolytics	0.11	0.55	83.6
Others	4.56	5.75	4.6
Total	7.44	13.20	15.2

Source: Robert Fleming Securities

Bids entered for County Hall development

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

THE DEADLINE for invited bids to redevelop County Hall, the former headquarters of the Greater London Council, has passed with up to 20 schemes put before the London Residuary Body.

County Hall comprises four buildings, on the south bank of the Thames facing the Houses of Parliament. The complex was conceived in Edwardian times and the last expansion was completed in 1974.

The London Residuary Body was set up by the Government to dispose of the assets of the Greater London Council, which the Conservative Government abolished. The body has been marketing the buildings through Richard Ellis, the property agents, since late 1986.

After sifting through 300 inquiries about the purchase of County Hall, Richard Ellis invited 20 groups to bid for the property, asking that they provide details of what they would do with the properties and how much they would pay to control them.

Since that invitation a consortium involving P&O, the shipping, construction and property group, and Mandarin Hotels of Hong Kong, is believed to have withdrawn. Yesterday a consortium made up of London and Metropolitan, New England Properties, Lazard Brothers and TR Investment Trust said it had made an offer.

It is expected that the final scheme chosen by the London Residuary Body will be for a mixed development involving hotel, offices, shops and apartments. But any scheme which involves a departure from the present sole use of the site as offices would need planning permission.

Although the Government has no objection in principle to such mixed use, the local authority is opposed to it and the successful bidder is likely to face lengthy procedures to win the necessary planning consents.

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
206	133	Ass. Brit. Ind. Ordinary	195xd	0	8.9	4.6	7.3
207	145	Ass. Brit. Ind. CULS	196xd	0	10.0	5.1	
41	25	Armitage and Rhodes	30	+1	-	-	-
142	40	BBB Design group (USM)	50	-2	2.1	4.1	8.0
188	108	Bardon Group	158	0	2.7	1.7	27.0
186	95	Bray Technologies	138	0	4.7	3.4	11.0
281	130	CCL Group Ordinary	258	0	11.3	4.5	6.6
147	99	CCL Group 11% Conv.Pref	130	0	15.1	11.6	
171	130	Carborundum Ordinary	130	0	5.4	4.1	11.3
104	91	Carborundum 7.5% Pref	103	0	10.3	10.0	
216	87	George Blair	216	+1	3.7	1.7	6.0
143	60	Isis Group	68	+1			
104	59	Jackson Group	88	0	3.4	3.9	9.7
780	300	Multihouse NV (AmstSE)	330	0	10.4	3.2	13.1
91	42	Robert Jenkins	42	+1			2.4
124	30	Scruttons	124xas	0	5.5	4.4	31.8
224	67	Torday & Carlisle	198	0	6.6	3.3	9.6
71	32	Trevian Holdings (USM)	65	0	2.7	4.2	7.0
269	190	W.S Yeates	269	+1	16.6	6.2	51.7

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of The Stock Exchange. Other securities listed above are dealt in subject to the rules of FIMBRA

INTERNATIONAL APPOINTMENTS

Nominations for election as NYSE board directors

THE 1988 nominating committee of the New York Stock Exchange named three new candidates for election to its board of directors.

The board consists of 27 members: 12 public members, 12 industry members and three NYSE officers. Voting will take place on June 2 by the Exchange membership for a total of 13 nominated for election for either the first time or for a fresh term.

Mr John S. Chalsty, president and chief executive officer (CEO) of Donaldson Lufkin & Jenrette, the Wall Street investment house, was nominated for the first time as an industry representative for a two-year term.

Two new candidates for two-year terms as public representatives are Mr Rand V. Araskog, chairman and CEO of ITT, and Ms Martha T. Muse, Tinker Foundation chairman and president.

Leaving the board in June are public directors Mr L. Edwin Smart and Mr John Brademas, and industry director Mr Robert E. Linton.

Mr W. Michael Blumenthal was nominated for a one-year term. He joined the board in January to fill the public directorship held by the late Mr Joseph B. Flavin, chairman and CEO of Singer.

* * *

J.P. MORGAN, parent of Morgan Guaranty Trust, fifth-largest of the US banks, announced that Mr Didier Cherpitel, a senior vice-president, has been assigned to the bank's Paris office, with responsibility for its capital markets business.

In this capacity, Mr Cherpitel becomes a general manager of Morgan & Cie S.A. He has also been made a supervisory board member of Nivard-Flornoy et Cie, with which J.P. Morgan reached agreement last November to acquire a minority holding. It intends to increase this to 80 per cent by January, 1990.

Mr Cherpitel joined Morgan Guaranty Trust in Paris in 1972, taking on several assignments there before moving to head Morgan Guaranty Pacific in Singapore in 1981 and 1982. After switching to the bank's Brussels office as head of general banking, he transferred to Morgan Guaranty Ltd., the bank's London merchant banking arm, in 1984. As an executive director in London, he coordinated the capital market services department.

Leadership changes at Mitsui Bank

MITSUI BANK, oldest of Japan's commercial banks, has named Mr Ken-Ichi Suematsu, currently vice-president, as the new president to succeed Mr Ken-Ichi Kamiya, who will become chairman, Kyodo reports from Tokyo.

Bank officials said that both appointments will be formalised at a board of directors meeting in late-June, after the annual general meeting of stockholders.

Mr Suematsu, 62, joined the bank in 1948 after graduating from the University of Tokyo.

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CREDITANSTALT-Bankverein, Austria's largest bank, has elected Mr Guido Schmidt-Chiari chairman of the managing board and chief executive officer, succeeding Mr Hannes Androsch, AP-DJ reports.

Mr Schmidt-Chiari, 56, has been with the bank for 30 years, having served as deputy chairman since 1981. At a luncheon to present him as the new chairman, he said that the bank will offer shares to the public within the next 12 months.

The Austrian Government holds 60 per cent of Creditanstalt shares, and Mr Schmidt-Chiari said the offering will reduce this to 51 per cent. The bank plans to list the shares in West Germany, Switzerland and Vienna, but "not yet in New York," he added.

Continental Airlines appoints cargo subsidiary president

CONTINENTAL Airlines, a unit of Texas Air, the largest US airline group, has appointed Mr Walter T. Atkinson Jr as president of its Cargo Development Group (CDG) subsidiary.

Mr Walter T. Atkinson Jr

Although it is a wholly-owned subsidiary, CDG is a total dedicated air cargo distribution system serving many customers in addition to Continental, Mr Atkinson said.

He succeeds Mr Ed Danberry, who founded CDG and was recently named vice-president of the airline's eastern region business management division.

Mr Atkinson, who joined CDG in February last year, had been vice-president of its Postal and Express Services group.

"Our goal is to make CDG the number one customer service organisation in the air cargo distribution business," Mr Atkinson commented. "We are striving to have the best service reliability record in the airline industry with our product offerings. We are poised to be the industry leader, but that can only be accomplished by acknowledging that service is an absolute priority, where the customer is king."

Prior to joining CDG, he was president of his own air cargo consulting acquisition firm, and held positions with Evergreen International Airlines, Cooper Airmotive (now Aviall), and Cessna Aircraft.

* * *

DAIWA Securities America, a unit of Japan's Big Four securities concerns, has named Mr Philip Zachary executive vice-president and chief administrative officer.

Mr Zachary, 53, was formerly managing partner of Research Associates and Financial Trends Management, asset-liability management consulting firms.

In a statement by Mr Takruo Isoda, chairman of Daiwa Securities, he said that Mr Zachary will assist the board of directors in the daily management of the US unit and act as chairman of the credit committee.

Managing directors for PaineWebber

PAINEWEBBER INC., one of the US's leading full service investment concerns, has announced the appointment to the position of managing director of five people within the investment banking division.

Three are based in London, one in New York and one in Dallas, Texas.

Mr Nicholas Aylwin, a British subject, joined PaineWebber in London in 1986 as executive director responsible for mergers and acquisitions in Europe. He spearheaded the establishment of the PaineWebber International Mergers and Acquisitions Group, which completed 16 transactions last year. He was previously with Hill Samuel and is a qualified chartered accountant.

Mr Didier Benaroya, a Frenchman, served nine years with E.F. Hutton before moving to PaineWebber's London operation in 1984, where he is responsible for its European Transportation Group. The group completed 26 transactions last year for 13 clients.

Mr Richard Goblet D'Alviella, a Belgian, has been with PaineWebber for about 14 years. He moved to London in 1983 and is responsible for private placements in Europe, and works with the Transportation Group.

Mr Nasser Doha joined the company last year and is in charge of the Hong Kong investment banking office. Prior to this, he was with Chase Manhattan Investment Bank in London, New York and Hong Kong.

Mr Richard Hatchett joined PaineWebber in 1981 and is responsible for managing the Dallas investment banking office.

Accountancy Appointments

"A GREENFIELD OPPORTUNITY WITHOUT RISK"

CHIEF ACCOUNTANT

HI-TECH PRODUCTS

£25,000 - £30,000 + Car

Heathrow Area

This new hi-tech subsidiary of a major multinational has a recently developed, world leading product range backed by established distribution and support expertise. Budgeted to grow from 'start up' to £100m turnover within three years they are confident that they may even exceed this target.

A Chief Accountant is sought to ensure that this projected growth is accompanied by tight financial controls. Reporting to the Financial Director, the role embraces development and installation of computerised accounting systems, establishing accounting policies, and involvement in the setting up of European subsidiaries. In addition, there will be responsibility for control of the consolidation of all statutory and management account information, 'ad-hoc' planning, forecasting and budgeting work, and Company Secretarial functions. Significant man-management experience will be available.

Candidates will be qualified ACA's, 28-40, with a minimum of three years PQE, at least some of it gained outside the profession. Experience of the hi-tech industry would be advantageous, exposure to computerised accounting systems and knowledge of PC's would be essential.

The predicted growth guarantees excellent prospects for the high flier: significant input into commercial aspects of UK activities is envisaged.

Please apply directly to Greg Ripley at Robert Half, Walter House, Bedford Street, 418 The Strand, London WC2R 0PT. Telephone 01-836 3545.

ROBERT HALF

Financial Recruitment Specialists
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Senior Accounts Controller

With Corporate Responsibilities

To £25,000 plus car, East Midlands

This successful company, a leading household name, is embarking upon a programme of expansion supported by significant capital investment at its production sites in the UK.

Restructuring of the accounting function has resulted in this new senior appointment which reports to the London based Financial Director.

As Accounts Controller you will be responsible for liaison with other UK sites and the US parent in the production of monthly accounts and corporate financial statements. With a staff of 20, you will control customer credit, management information reporting and internal audit, plus some routine factory administration. Accounts payable and receivable operate on fully computerised systems utilising IBM equipment.

This is a senior career opportunity requiring sound reliable accounting skills allied to man-management experience, energy and initiative and will appeal to qualified accountants with ACA, ACCA aged over 35. Familiarity with computer systems is essential and experience of US accounting practice desirable.

Remuneration is for discussion up to £25,000, fully expensed car and usual executive benefits, including relocation assistance if appropriate.

Please write with full career and salary details – in confidence – to David Mather, ref. B.31030.

MSL International (UK) Ltd,
Sovereign House, 12-18 Queen Street, Manchester M2 5HS.

Offices in Europe, the Americas, Australasia and Asia Pacific.

MSL International

Financial Controller (Director Designate)

Croydon c.£28,000 + BMW + benefits

The continued growth of an expanding organisation creates this opportunity for a commercially-astute Financial Controller. Reporting directly to the Managing Director, you will assume responsibility for all financial and accounting information and for playing a leading role in the company's ongoing development including all future mergers and acquisitions.

This exciting and challenging role requires a self-starter with an inquisitive and probing mind who can bring a careful and systematic approach to the work. Ideally, you will be aged between 28-45 and be a technically strong Chartered or Certified Accountant with the potential to achieve Financial Directorship in the short or medium term.

Salary is negotiable around the level indicated, and a fully-expensed car and all the usual benefits are provided. Relocation assistance will be considered where appropriate.

Please send full cv, indicating current salary, which will be forwarded to our client unopened. (Address to our Security Manager if listing companies to which it should not be sent.) Ref: R2242/FT.

PA

PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

Finance and Operations Director

Ripley, Surrey **c£32,000 + Car + share option**

Our client is a rapidly developing company at the top end of the retirement and nursing home market. It is acquiring homes around the M25 and is seeking a share flotation in the next two years.

The appointee will work closely with the Managing Director to provide a corporate finance service, be involved with acquisitions, manage the financial, computing and secretarial activities, and become increasingly involved with responsibility for operational and profitability aspects of the business.

The successful applicant should be a qualified accountant, be aged 30-45 with experience of people-orientated service industries. Experience of a share flotation and property acquisitions is desirable.

Please write in confidence quoting reference 2004 and submitting a curriculum vitae including salary details to:

Peter Childs
Pannell Kerr Forster Associates
New Garden House
78 Hatton Garden
London EC1N 8JA

Pannell Kerr Forster Associates
MANAGEMENT CONSULTANTS

Tibbett & Britten Group plc

Group

Tibbett & Britten Group is a well established, growth distribution business serving customers in an increasing number of market sectors. It recently announced a 40% uplift in turnover and profits for 1987.

TBG would like to invite interest in this new appointment which will report to the Group Director and will be based in Enfield. Its purpose is to contribute to the business in two main task areas; commercial advice and active support to the Business Development team; major Group projects and plans - some will involve working with the Finance Director, and you may 'represent' the business.

There are familiar extras to the basic remuneration package above. In current jargon, there is scope for you to grow with business.

Given that you are professionally qualified and commercially experienced, and this brief summary of the job and the company interest you, please phone for an application form, or send us your CVs. If you would like to explore questions, please phone Jon Smurthwaite on 01-808 3040 (out of hours 04427 4058).

Tibbett & Britten Group plc
691-697 High Road
Tottenham
London
N17 8AZ

LEADING ROLES FOR LEADING PLAYERS...

Graduate accountants, in their 20s, are invited to apply for these exceptional opportunities with market leaders.

Financial Analyst – RETAIL **WEST END**
£25,000 + car + bonus

Excellent communications/analytical skills are sought in a graduate ACA/ACMA. Reporting to the Planning Manager, you will assume responsibility for budgets, 1 to 5 year plans, profitability studies and marketing reviews, often liaising at Divisional Director level. You must demonstrate both drive and ambition. **Contact Carol Newberry.**

Divisional Accountant – FMCG **WEST LONDON**
c.£25,000 + car

Prestigious U.S. leaders seek a graduate ACMA to contribute to the Divisional management team. Line responsibilities embrace interpretive management reporting, sales/profit forecasting, annual budgets, product line appraisals and ad hoc exercises. Management ability and empathy with sales/marketing are essential. **Contact Carol Newberry.**

Mergers/Acquisitions – MERCHANT BANKING **CITY**
£25,000 + car + mortgage

A global player seeks a graduate ACA seeking a ground floor opportunity. With some investigations/special work experience already, you will rapidly acquire expertise in a fast moving international arena where intellect and strong communication skills, not to mention stamina, are highly prized. **Contact Angela Britton.**

To further your interest in any of these outstanding opportunities, please write briefly enclosing a CV or telephone for a personal history form.

RECRUITMENT SELECTION & ADVERTISING
EXECUTIVE CONNECTIONS
3rd Floor 43 Eagle Street
London WC1R 4AP Tel: 01-242 8103
or call John Constable on 01-549 5519 out of hours

FINANCIAL TIMES GROUP

Financial Accountant - London **c. £21,000**

The Financial Times Group; publishers of Europe's leading Business Newspaper and many other business products is a subsidiary of Pearson plc and is a well known, profitable and expanding group.

Reporting to the Group Accountant, the Financial Accountant will be actively involved in the day to day running of the central Finance Department in addition to responsibilities for preparation of Statutory Accounts, Corporation Tax Returns, Financial and Cash Flow Reporting to both the Parent Company and Group Management.

Candidates must be qualified accountants and will probably be in their mid-twenties with a background in a major professional firm. They will have a well ordered and disciplined approach to their work as well as a strong outgoing personality. A familiarity with and interest in the use of Micro - Computers will also be advantageous.

This post offers an excellent opportunity for a first move from the profession and provides scope for gaining wide - ranging experience in an exciting commercial environment.

Please apply in writing with full career and salary details to:
Mr Martin Creasey, Group Financial Accountant
The Financial Times, Newspaper House
8-16 Great New Street, London EC4 3TS.

Financial Controller

Oxfordshire

Our client, based in Abingdon is a subsidiary of a major electronics and engineering plc which has recently been enlarged by the merging of two operations.

Reporting to the General Manager, the appointee will have total responsibility for the control and development of the accounting function. The implementation of new systems and assistance with the achievement of targetted profitability are priority tasks. There is a small support team and a functional relationship with the Divisional Financial Director.

Candidates must be Qualified Accountants, around 30, who have had experience in a manufacturing environment. Salary will be up to £25,000 pa, there is a car, 5 weeks holiday and other big company benefits.

Please apply in writing to Peter Barnett quoting reference 8701 at Providence House, River Street, Windsor, Berkshire SL4 1QT.

BARNETT

FINANCE DIRECTOR

Computer Industry

City **to £30,000 + car + benefits**

Our client is a profitable PLC led by a motivated management team which has embarked on a policy of expansion including a recent acquisition and building specialist expertise in new customer services and products. We are now recruiting a Finance Director to advance the financial strategy of the company during its planned growth.

The role combines the need for financial decision making with the efficient management of all internal control procedures. Significant changes have been made through the recent introduction of a new computerised accounting system which offers scope for developing more effective financial reporting procedures.

Candidates will be CAs, aged 25-32, who can initiate and manage changes in a company committed to enlarging its technology services to the modern business world. The candidate appointed will show motivation and leadership qualities and enjoy a high profile in the commercial success of the business.

In addition to an attractive salary, our client offers a quality car, eligibility for a profit-linked bonus and share option scheme in the parent group.

In the first instance, please telephone 01-353 1577, or write in confidence (quoting ref: F7225) to:
Jeff Adcock,
Clark Whitehill Consultants Limited
25 New Street Square
London
EC4A 3LN

Clark Whitehill Consultants
Executive Selection

SCOTLAND

EQUITY INSOLVENCY PARTNER

FCA/CA's **from £50,000**

SENIOR INSOLVENCY MANAGER

ACA's, CA's 28 - 35 **c £25,000 + car**

Our client is the Insolvency Practice of a "Big 8" international firm of chartered accountants seeking two experienced insolvency specialists for their broadly based practice in Scotland.

EQUITY INSOLVENCY PARTNER

Candidates (ideally IPA members) should be at partner level in a medium or large insolvency department and be experienced in all aspects of insolvency work – receiverships, liquidations, bankruptcies, moratoria and deeds of arrangement. The appointee will have exprience of developing an insolvency practice. The appointee will be offered immediate equity partner status subject to the timetable and formalities normally observed within the partnership. REFERENCE 2009

SENIOR INSOLVENCY MANAGER

Candidates should be at senior manager level in a medium or large insolvency department, have good receivership and liquidation experience and the potential to achieve partner status in due course. Candidates should have some experience of insolvency practice development. REFERENCE 2119.

For more information, please contact George Ormrod B.A. (Oxon) on 01-836 9501 or write with a copy of your C.V. to Douglas Llambias Associates Limited at our London office quoting the appropriate reference number.

FINANCIAL & MANAGEMENT RECRUITMENT CONSULTANTS
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DOUGLAS LLAMBIAS ASSOCIATES LIMITED, 410 STRAND, LONDON WC2R 0NS
TELEPHONE: 01-836 9501

Financial Controller

£50,000 + Share Option Plan + Car

Amsterdam

TIP Europe plc, Europe's leading trailer rental and leasing company operating in 9 countries, seeks a highly qualified executive to head the company's centralised accounting, tax and cash management operations located in Amsterdam, The Netherlands.

The successful candidate is likely to be around 35 years, a U.K. qualified accountant and have had finance control and management experience with a leading company.

Success in this job will lead to widening responsibilities within the foreseeable future and eventual Board appointment to the position of Finance Director of the company.

Please write – in confidence – with details of your career to date to:

Joseph A Los, Finance Director
TIP Europe plc,
Rivierstaete, Amsteldijk 166,
1079 LH Amsterdam,
Netherlands.
020 461411

TIP Trailer Rental

CKL

Young Finance Controller in Advertising

Central London **c.£20,000 + profit sharing**

An established and successful specialist advertising agency, based in the heart of London's Covent Garden, has an exciting and challenging opportunity for a young, outgoing accountant to develop an effective in-house operation.

This is an opportunity for a competent and versatile accountant to take full responsibility for the finance function. Reporting to the Managing Director and working alongside creative and production personnel, you will have total autonomy in managing your own department. Your initial assignment will be to evaluate, implement and develop a computerised system to fit their needs, in addition to the usual accounting duties associated with a small company; you will be producing monthly profit and loss reports for management review and administering the company pension scheme.

Candidates, aged 25-32, will ideally be fully qualified with several years' experience in an advertising, media or other related service industry environment. A flexible, 'sleeves up' approach is essential together with the ability to motivate staff and communicate effectively at all levels.

Please telephone, or send your curriculum vitae, quoting ref. 1241, to D. J. Knights, CKL Accountancy Limited, 290 Oxford Street, London W1R 1LA. Tel: 01-409 0695/01-409 0553.

......Accounting for Art's Sake

Financial Controller

London **c£30,000**

We are acting on behalf of a prestigious arts institution who are at the forefront of artistic and cultural education with an enviable record of excellence.

Reporting to the Chief Executive, the Financial Controller will be responsible for introducing effective financial control and reporting, with the ability to maximise the utilisation of funds generated through grants and private sources. He or she will also assist with the general administration of the institution.

The position affords the opportunity for a qualified accountant to become involved in many aspects of the art world, both socially and from a business point of view, and will appeal to an individual, seeking a move to a pleasant but challenging environment.

Interested applicants aged 35-50 should write to **Jon Anderson ACMA, Executive Division,** enclosing a comprehensive curriculum vitae and daytime telephone number at 39-41 Parker Street, London WC2B 5LH, quoting ref. 499.

MP

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Glasgow & Worldwide

Allied
Allied Carpet Stores Ltd

Business Planning Controller

Birmingham **c£26k + Car**

Our client Allied Carpet Stores Limited, part of the highly successful ASDA Group, is a leading retailer of carpets and home furnishings. The company is about to embark upon an ambitious expansion programme including the revamping of existing stores and the opening of new outlets which will ensure its continued growth and profitability.

They now seek to appoint a forward looking Business Planning Controller capable of operating at the leading edge of this exciting phase of the company's development. Reporting to the Financial Director, your role will encompass the establishment and improvement of computerised management information systems, business and corporate planning, cash and profit forecasting, capital expenditure appraisal, product/performance analysis, budgeting, man-management and special projects.

Candidates (aged 27-33) will be either a Senior Manager within a major firm of Chartered Accountants with substantial investigations experience or alternatively a Qualified Accountant with broad based industrial or commercial experience. A strong, outgoing personality is essential along with drive, genuine commercial flair, a proven ability to manage change and highly developed leadership skills.

In return, the company can provide you with an outstanding challenge, accelerated career progression and a generous remuneration package including relocation assistance where appropriate.

Interested? Write to Dean Gollings BA ACA,
Executive Division, Michael Page Partnership,
Bennetts Court, 6 Bennetts Hill,
Birmingham B2 5ST.

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Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Glasgow & Worldwide

Internal Auditor

ANGLO

City of London

c£20,000 p.a. plus car, profit sharing etc.

Anglo Leasing Plc is a fast growing financial services group whose success comes from helping office equipment suppliers optimise customers' business efficiency through the use of advanced technology.

Their confidence in the future and plans for expansion have created a new post for an Internal Auditor whose investigative skills and business awareness will create systems, checks and balances that link security, enterprise and customer consciousness.

The vacancy calls for a qualified accountant eager to use professional experience of auditing computerised systems in a flexible and market-led environment; direct knowledge of leasing or instalment-credit business is important.

Anglo Leasing offer an attractive rewards package, opportunities for professional development and personal prosperity, and an enthusiastic and open management style where creativity is positively encouraged.

Applicants up to around 30 years of age are asked to write, quoting reference 1538 and enclosing a full CV, daytime telephone number and details of present earnings to:-

Trevor Austin, Executive Selection Division, Binder Hamlyn Management Consultants, 8 St Bride Street, London EC4A 4DA.

BinderHamlyn
MANAGEMENT CONSULTANTS

Young Accountant

Finance driven multinational

To £27,000 + Benefits ***Central London***

Many multinationals lay claim to being finance driven, but few have such impressive results as our client. With a £multi billion turnover, and profits in excess of £400 million they are in every sense a company run by accountants. Consistent growth and profitability over the last 20 years has made them one of the world's leading assets management companies – a position they intend to consolidate with the appointment of an ambitious young accountant.

Working within the corporate accounting division, gaining extensive exposure to the Board and non finance line managers, and managing a small team, you will undertake a broad spectrum of activities, including involvement with acquisitions, business reviews, operational analysis and ad hoc assignments.

In your mid/late 20's you should be a qualified ACA/ACCA/CIMA, with at least 12 months' post qualification experience.

Truly outstanding career prospects await the successful candidate, with an initial promotion to an operating division Controllership within two years.

For further information, please telephone or write to JANE EASTON at ALDERWICK PEACHELL AND PARTNERS LIMITED, Accountancy and Financial Recruitment, 125 High Holborn, London WC1V 6QA. Telephone: 01-404 3155.

Alderwick and Peachell
PARTNERS LTD

Financial Director

South West **c£25,000 + Car + Benefits**

Our client are brand leaders in the manufacture and supply of cleaning cloths and sponges for use in the UK and overseas markets. As part of a diverse and impressive worldwide group the company enjoys financial and commercial autonomy combined with the constructive support of an international structure. Planned continued expansion will be achieved through both organic and acquisitive diversification and growth.

They currently seek to appoint a Finance Director to join the select management team and assume total control of their finance function. Reporting directly to the Managing Director and functionally to the Group Finance Controller in France responsibilities will include:

* planning, forecasting and budgeting * tax and treasury * management and financial information for internal and statutory purposes * administrative and secretarial duties * systems development and enhancement * active involvement and contribution to the management and profitability of the business * the identification and integration of potential acquisitions.

Candidates should be under 35, possess a good costing and MIS background in a manufacturing or process industry, yet have the crucial ability to recognise and focus on key areas of marketing and commercial importance. Mobility and ambition are vital factors as career opportunities, both in Finance and General Management, are assured within the Group. This post will appeal to strong and impatient chief accountants or equivalent urgently seeking their first Directorship.

On offer is not just an excellent remuneration package (including an executive company car, private medical cover, pension scheme and full relocation assistance) but the chance to play a vital and decisive role in the future of this exciting and progressive company. Only innovative, self-motivated and dynamic accountants need apply.

Interested candidates should write, enclosing a comprehensive curriculum vitae, to Renny Hayes BA, ACA at
29 St. Augustine's Parade,
Bristol BS1 4UL.
Quoting ref. 1966.

MP

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Glasgow & Worldwide

Group Financial Director

c. £32,000 + Incentives

Our client, based in Northamptonshire is a privately owned Group, with a turnover in excess of £12 million, which is diversifying in several directions. The Group is planning for a 20% growth rate in each of the next few years. The major Company is engaged in the manufacturing and supply of products and services for customers such as Banks and major retailing organisations.

Reporting to the Group Managing Director, the appointee will hold the first of several Corporate roles which are to be created. The broad responsibilities and objectives will encompass the *development of financial strategies to enable the* Group to maximise profitable growth and prepare for flotation. Functional relationships will embrace Group Companies' accounting and computing personnel.

Candidates in the 30's, must be Chartered Accountants with ideally a business qualification. They must currently be in a senior financial management post where the design and use of progressive financial strategies has been a major activity. A positive and entrepreneurial operating style is vital, together with the enthusiasm to identify closely with the Group's goals. The ability to make a major contribution to the flotation of the Company and beyond is essential.

Please apply in writing to Peter Barnett F.I.P.M., F.I.M.C., *quoting ref. 8700 at* Providence House, River Street, Windsor, Berkshire. SL4 1QT.
Tel. (0753) 856723.

BARNETT
CONSULTING GROUP LIMITED

Chief Accountant

Kingston-Upon-Thames

To £25,000 + car

Our client is a household name in the UK and overseas in the consumer electrical products field. Turnover is approaching £10 million and growing strongly, with further new products coming on stream shortly.

They now require a high calibre Chief Accountant to work closely with the Finance Director on all aspects of the finance function, with the support of a small staff.

Applicants must be Qualified Accountants with experience of staff management and the production of accounts, budgets and forecasts, either in commerce or the profession. Computer-based systems experience is essential and working knowledge of a fully integrated order processing system would be an advantage but is not essential.

The position offers variety of work, top management involvement and good prospects for someone who can rise to the growing challenges of a fast expanding business.

Please send concise details, including current salary and daytime telephone number, quoting reference R2025, to *W S Gilliland, Executive Selection Division, Grant Thornton Management Consultants Limited, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP.*

Grant Thornton
Management Consultants
OFFICIAL SPONSOR OF THE 1988 BRITISH OLYMPIC TEAM

Divisional Controller

South Yorkshire **c£22,000 + Car**

Our client is a £20 million division of a major multi-national with an established reputation as a market leader in its field.

Due to internal re-organisation, they seek to recruit a Divisional Controller who, reporting to the Financial Director, will have full responsibility for all aspects of the management accounting function. The successful applicant will be a member of the division's management team and will be expected to contribute to the division's future success by measuring performance and providing analytical and commercial input. In addition, the incumbent will gain group exposure to treasury management, consolidation and tax planning. Candidates must have board level potential.

Candidates should be qualified accountants (CIMA, CACA, ACA), aged 30+, who can demonstrate a track record of achievement, gained within a process manufacturing environment. Individuals will be able to demonstrate a high degree of commercial awareness, in addition to the ability to thrive in a role requiring a direct 'hands on' approach combined with the ability to influence the overall direction of the business.

Relocation assistance available where appropriate. Interested applicants should write to Christopher Sharp, quoting ref: L8437 at
Michael Page Partnership, Leigh House,
28-32 St Paul's Street, Leeds LS1 2PX.
(Tel: 0532 450212).

MP

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Glasgow & Worldwide

GROUP FINANCIAL CONTROLLER

Kent c.£35,000+benefits

Our client is a leading company in a rapidly growing area of the financial services market. The recruitment of several senior executives from outside its traditionally conservative sector has added a new dynamism and commercial edge to the business, equipping it to increase market share and take advantage of new opportunities in an increasingly competitive environment.

A confident, proactive graduate Chartered Accountant is required to assume the new role of Group Financial Controller. The role is broad ranging and, in addition to the day to day management of the accounts function, will include responsibility for cash management, tax planning and involvement in new ventures. The role is a demanding one, in a changing environment and well developed, but flexible, staff management skills are essential. Candidates must be able to ensure the provision of information to a strict timetable and to cope under pressure.

The remuneration package, which is negotiable, will include an executive car and subsidised mortgage facility.

Please write in confidence with full career details, quoting ref. P1171/L to Valerie Fairbank.

KPMG Peat Marwick McLintock
Executive Selection and Search
9 Creed Lane, London EC4V 5BR

CORPORATE (GROUP HEAD) TAX SPECIALIST
£37, £42,000 P.R. NEG
INTERNATIONAL CITY BASED C'A'

NEW. QUAL (AIH) TAXATION ASSISTANT
£17, £19,500 P.A.NEG
MAYFAIR C'A' EXCELLENT PROMOTIONAL/PARTNERSHIP PROSPECTS

TRUST MANAGER/ PARTNER
c £29,000
THOROUGHLY EXP'D IN ACC ASPECTS BY TRUSTS & ESTATES. INTERNATIONAL CITY BASED CO'.

ASS'T TO FINANCIAL DIRECTOR(MIDDLESEX)
£19,000 PA NEG
PT.QUAL A.C.M.A. WITH A MNFG & PRODUCTION BACKGROUND. AGE UNDER 50

GRADUATE/TRAINEES
c £10,000 P.A.
ACCOUNTANCY - BANKING, FINANCE RELATED DEGREE. AREAS:- LONDON S/E SE/W ENGLAND

For complete details and job spec in recation to the above please send a full c/v to JAMES G McCALLUM, TST. PROF. c EXEC. APPTS. 88B ALBERT ROAD, ILFORD ESSEX OR TELEPHONE 01-514 4146

Chief financial officer

Berkshire, c£60,000

C&L

The European computer services subsidiary of one of the ten largest U.S. Corporations seeks a Chief Financial Officer. The company is a well respected leader in its industry. Poised for further growth, recent restructuring has created this opportunity for a highly commercial financial manager.

Reporting to the President you will have total responsibility for the financial function embracing financial and management accounting, tax and treasury. A key member of the senior management team you will be expected to play a lead role in the financial and commercial management and development of the company. Initially you will concentrate on improving the timeliness and accuracy of reporting procedures and will direct the implementation of a revised management information systems strategy.

A qualified accountant aged around 40 you will have strong commercial orientation and will already have made your mark in a senior financial management role in a sizeable organisation. Essential requirements are experience of U.S. GAAP reporting and a good working knowledge of lease financing. A team worker, you must be positive, persuasive and a good communicator.

Résumés, including a daytime telephone number and indication of current earnings to Torrance Smith, Ref: TS791.

Coopers & Lybrand Executive Selection

Coopers & Lybrand Executive Selection Limited
Shelley House 3 Noble Street
London EC2V 7DQ

Wickes plc

Financial Accountant £22,500+Car

Wickes plc is the only independently quoted UK DIY retailer. Over the last three years operating profits have shown compound growth in excess of 40% and the group is continuing a major store expansion programme to sustain that growth.

Reporting to the Group Financial Controller you will join a small team responsible for all aspects of financial reporting and control, including exposure to treasury and property portfolio management and development of reporting systems. The position will be based at the Corporate Head Office in the West End.

To be considered for this position you are likely to be a qualified ACA, currently with a "big 8" firm or in your first commercial position since qualification.

The position demands an ambitious and bright individual who is keen to succeed in a fast-moving environment.

If you feel that you meet these requirements please telephone David Northmore on 01-831 2000 or write to him at Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Glasgow & Worldwide

Assistant Taxation Manager

London E1 c£26,000+Car

Our client is a diversified, acquisitive Group with a substantial reputation in the fields of food, commodities, financial services and property. The Group currently employs in excess of 10,000 people internationally and has exciting plans for continuing development within the major core areas of its business.

An opportunity now exists for a key person to play an integral part in the Group's continued success. In this case, that person will be a qualified accountant with at least three years' post qualified experience in tax.

The position carries with it a responsibility for a small level of specific UK compliance work but more importantly it requires imaginative tax planning and advisory skills. The successful candidate will be expected to liaise closely with senior management and implied in this is an innate commercial awareness combined with the ability to communicate ideas both verbally and in writing.

The rewards are high: a competitive base salary and benefits to complement a rare opportunity to gain first class experience within an established and growing force in the industry.

For further details telephone Melanie Rosling or Chris Nelson on 01-831 2000 (evenings/weekends 01-341 4028) or write to them at the Taxation Division, Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Glasgow & Worldwide

Accountancy Personnel

Placing Accountants First

NORWICH UNION INSURANCE

TWO CORPORATE TAX SPECIALISTS to £19,000

Norwich Union is one of the fastest-growing insurance and financial services groups in the UK, a market leader and an equal opportunities employer. The Group Taxation Department controls the tax planning and compliance work for all Group companies covering investment, real estate development, financial and underwriting subsidiaries.

Two outstanding opportunities are offered to qualified accountants with at least two years' post qualification experience in corporate taxation.

Keen to pursue a career in a commercial environment the successful applicants for these key positions will:

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The Chillington Corporation PLC
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Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *D. Venables, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, W1R 9WB, 01-734 6852, quoting Ref: H15026/FT.*

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Director of Audit

(Grade 5)
to £29,740

As public services become ever more aware of the need to optimise revenue and expenditure, the role of the experienced auditor becomes crucial in assisting them to realise their objectives. The senior post of Director of Audit has now arisen within one of the largest and most important of these Government departments, Health and Social Security.

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You must have a full professional qualification (ICA, CIMA, CACA or CIPFA) accompanied by a sound and enthusiastic understanding of modern audit practice. *You will inevitably find yourself in a high public* profile; hence it would be highly desirable for you to be able to display leadership skills and confidence at public speaking. The ability to manage a large staff and guide audit work at a senior level is essential.

Salary, depending on qualifications and experience, is in the range £26,290-£29,740. Relocation expenses, where appropriate, may be available.

For further details and an application form (to be returned by 25 April 1988) write to Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 468551 (answering service operates outside office hours). **Please quote ref: G/7529.**

Department of Health and Social Security

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MANAGEMENT: Marketing and Advertising

More revolutionary than evolutionary

Feona Mcewan explains what happened when Robinson and Sons woke up to the potential of corporate design

Philip Robinson (left) and John Sorrell: ROBINSON is in, Robinsons of Chesterfield is out

TAKE a sleepy British manufacturing company, introduce it to design on a grand scale and wait for the compliments and the business to roll in.

That is what Robinson and Sons, Chesterfield-based makers of hospital dressings and cardboard boxes, is looking for having just unveiled a new top-to-toe corporate identity aimed at reviving the 150-year-old company.

Everything has been sharpened up — from the signage at the factory gates, which formerly had at least a dozen different varieties, to the notepaper (a myriad varieties), to the vehicle livery and the way telephones are answered. But why should a company which has businesses rather than consumers as its customers bother to sink hundreds of thousands of pounds into tidying up its corporate signals to the outside world?

The answer is that the business-to-business market is every bit as keen as the consumer market. Robinson has two main arms - healthcare products and packaging — and supplies clients like Max Factor, RHM Foods, Asda, Tesco, Avon, Boots, M and S, Body Shop and Allied Lyons. Much of its production of bandages and boxes, disposable nappies and cornflakes packets goes to the own-label market and it faces fierce competition from companies like Johnson & Johnson, Smith & Nephew, Metal Box and Fields Packaging.

The company, which has a £70m turnover, was typical of much of British manufacturing industry. Depressed profits had resulted from an insular outlook and production-led approach and Robinson had become what by its own admission was "a sleeping giant."

Clearly the concept of corporate identity had never been directly addressed. For example, on one of the most basic but telltale levels — how telephones were answered — there was a schizophrenic array of greetings. "Hello, Robinsons of Chesterfield", "Hello, Robinsons and Sons", "Hello, Robinsons", "Hello, Whites", "Hello, Portland House", "Hello, Susie speaking."

Two things happened to shift the course of the company's progress.

The first, in 1985, was small but significant. Robinson's packaging division led by Philip Robinson, whose grandfather was the founder's grandson, embarked on a government-backed Support For Design funded consultancy scheme. The project was a one-off product design. The design consultancy appointed was Newell and Sorrell, a corporate and brand identity specialist.

The second significant step was when the company underwent a major management shakeup in early 1987. For the first time in the family firm's history, a decision was taken to appoint non-executive board members. In recent months, a number of outsiders had joined the company, including a new finance director, and there was a growing appreciation of the need to respond to increasingly fierce competition.

"It was not a crisis, but a feeling that if we didn't change there would be major problems," says Stewart Wallis, a family member, now managing director of the packaging division.

As a result, Jim Beveridge, ex-Shell, was made non-executive director and Tony Slipper, ex-Cadbury Schweppes, became non-executive chairman. Philip Robinson became chief executive of the company. The upshot is a tempering of the family presence; three of the seven main board members are now family members, and on the operating board level, three out of the five are family.

"There was a realisation that if we were to make it into the 1990s, we must change," says Philip Robinson. "A number of us had been trying to do things very differently, especially to take a more pro-active approach."

The original Support for Design project was to develop a new product aimed at helping the company break into the gift packaging retail market. Called Top Box, it was based on a standard Robinson carboard drum and lid, using skills and machinery already in place.

Top Box was then developed into a range which in 1987 spawned a new business called the Box Office. With a toehold in this new market Robinson moved on to acquire company called The Finishing Touch.

Robinson credits the Box Office experience as "the learning curve" that confirmed to the board the importance of design matters. "We had an inner feeling that things were different but we were not showing that in outward appearance and, more importantly, we were not going to communicate with anyone inside the company that things were different, unless we took further steps."

Fortified by the positive effects of design efforts on the product side, Philip Robinson — by this time chief executive — and his board took the plunge in 1987 and embarked on a total overhaul of corporate identity. This was no overnight decision, however, rather the result of long periods of discussion, persuasion and debate between members of the board and professional designers.

The aim of the overhaul was to signal to the outside and inside world that the company has a new direction and energy and knows where it is going.

The company established a multi-disciplinary design steering group which met regularly over the identity programme's formative period — nine months. This included the company secretary, the financial director, the designers, and heads of the two Robinson divisions.

The first stage was a revealing research programme. "We knew we had a problem and it showed us what we realised," says Philip Robinson, admitting "it's very difficult to take criticism, but we had to be open and honest about it."

The feedback was hardhitting. The company was seen by its staff as old fashioned, divisive between divisions, less caring than before. Suppliers saw it as solid and stable but lacking in flair, and felt that goodwill was being stretched by failure to perform - there was a complacency about service.

But the corporate identity programme was only one symptom of Robinson's awakening. It had also instigated at about the same time a quality improvement programme, involving training every one of the 2,000 staff as to what customers, and colleagues, expect of them about. "It was a radical change in our corporate culture, away from a production-oriented and towards a decentralised, employee involved, sales-oriented company," says Wallis.

The idea is to instil the message - "on time, every time, first time" - into everyone, says Robinson, who maintains that the programme has proved a rallying point for employees and has improved motivation.

He admits however that the company advanced its strategic thinking considerably since the first design steering group meeting. "Eighteen months ago you wouldn't have done this work, would you?" said John Sorrell, of designers Newell and Sorrell — and Robinson agreed.

The new identity is more revolutionary than evolutionary to reflect the cultural change. The "Chesterfield" and the "Sons" tags have been dropped from the new logo and the company name becomes simply Robinson. The use of the figure 1 in the logo signals the company's intention to become number 1 in its chosen markets. It is also a flexible visual device, coloured green for the healthcare division and red for the packaging, that will be used as the company marque, on workwear for instance.

One of the most effective elements of the programme has been the appointment of in-house "champions", as internal guardians of the company's image. There are champions for stationery, signs, workwear and even telephones.

Says Robinson: "People will perceive a tidy factory as one they want to place their business with," he says. "It's the people, the environment, the way a company presents itself that matters. It's even more important for own-label companies — which is a large chunk of ourbusiness — to have its own identity."

One happy outcome of the identity programme has been a new harmony between the two wings of the company. The healthcare side's self-adhesive plasters activity, for instance, is currently working with the packaging division to develop a plastic box to house them.

Now it's time for the design consultancy to hand over. The in-house "champions" are in place and there are plans to appoint a design manager internally - something unthinkable 18 months ago. And Philip Robinson is even talking of implementing an annual design audit to keep the image up to scratch.

New products

On the crest of a microwave

BY PHILIP RAWSTORNE

OXYGEN IN CANS for tired shoppers in Japan; perfumed nail varnish from the Netherlands; suntan booths at French railway stations; Le Pooch cologne for dogs in the US; Australian elastoplast that changes colour to warn of sunburn dangers; Japanese cosmetics with real 24 carat gold flakes.

These were just some of the new products which, with ingenuity and optimism, were introduced to consumers in various parts of the world last year. — and eventually reported to Gunda Lapski, chief executive of IIS Ltd., a subsidiary of KAE Group, in London.

Lapski employs 400 people in 125 countries to notify her of the appearance of new products and help IIS clients such as Nestle, Henkel, Coca-Cola, Procter & Gamble and General Mills, to keep abreast of developments in their markets.

Last year, Lapski recorded 7,495 new products, 4,650 of them in the food sector. The US (36 per cent of the total), Japan (26 per cent), the UK, and Germany are the most prolifically inventive.

But only a small percentage of the innovations survive. In the US, the norm is around 3-4 per cent.

Among the recent introductions, Lapski rates most highly a new electrical appliance from Japan — a bread maker, smaller than a microwave oven and costing about £200, into which you can tip your ready-mixed ingredients before going to bed and wake to the smell of baking bread. Almost 1m were sold last year and projected sales this year are 2.5m.

More than 65 per cent of households in the US now have microwave ovens and with their use also growing fast in Japan, Australia and the UK, Lapski predicts the introduction of more microwaveable snacks.

Popcorn

Europe may not, however, emulate the US in its appetite for microwaveable popcorn. Sales of this product amounted to $192m in 1986 and now account for 50 per cent of all packaged popcorn sales.

In the US and Germany, oven-ready meals with a shelf life of more than 12 months are among the latest developments for the microwave. Distribution and retail costs are lower than those of frozen foods, cooking time is quicker. "Time and convenience are of the essence," says Lapski.

Among frozen foods, cooked English-style breakfasts have shown considerable growth in several countries — US sales amount to £150m a year — but not yet in Britain.

The increase in single person households is an international trend — and with it, says Lapski, a growth in single-serve packs. In Japan, tea, coffee, soups, bleach and even goldfish food are now available in such packs. In Germany, one leading cereal company is offering single-serve combination packs of muesli and yogurt.

Manufacturers' concern with environmental matters is also spreading much wider than the recently well-publicised decision to phase out the use of chlorofluorocarbons in toiletry sprays.

In Germany, a national logo in the form of a blue angel now identifies other environmentally-friendly products — phosphate-free soap powders, water-based paint, creosote-free wood preservative which is less harmful to insects, flycatcher strips which contain no insecticides, and toilet rolls made from recycled paper.

The fastest growth rate of any products over the past three years, Lapski reports, is in non-alcoholic drinks. Worldwide, the average growth was just less than 5 per cent a year. Stricter drink-driving laws have had an effect but so apparently has a general concern for health.

Imports of bottled water into Japan increased threefold last year. The French now drink 70 litres a head each year, Germans down 65 litres, but per capita consumption in the UK is still less than 10 litres.

Marketing abstracts

Company colours. *R. Poyner in Designers' Journal (UK), Oct 87 (2 pages)*

Showing the company colours in this context means introducing art into the office. "An essential accessory to any dynamic corporation" (in the US), art may not occupy such prominence elsewhere, but it is becoming increasingly important, both in terms of image and as an investment. Notes companies which emphasise its value, and looks at those which can advise and provide.

Publisher evolves with direct response. *J. Mammarella in Direct Marketing (US), Sept 87 (2½ pages)*

Asks how a small, speciality US publisher of scientific textbooks (Sinauer Association) competes — in a toughening national market place — against larger companies with robust field sales forces and superior financial backing; finds the answer in the application of direct-response marketing and reveals how it was done; presents the campaign chronology for a typical textbook.

Copy and design. *R. King + others in Direct Response (UK) Oct 87 (6 pages)*

Four relative newcomers to then direct mail industry are asked to consider, and express opinions on, several dozen mailing packages, inserts and direct response advertisements, and aren't impressed at all. One view is that much of it is slavishly follows "rules" that ought to be discarded if they produce "stuff like this". A related article summarises some of the rules "the masters" have laid down in their books: Drayton Bird and David Ogilvy included.

Myths about the housewife. *A. Wicks in Admap (UK), Oct 87 (7 pages)*

The planning director of D'Arcy Masius Benton & Bowles argues that the role of women in modern Western society is badly misunderstood; blames trendy journalists, raucous women's libbers and the interpreters of statistical surveys for misleading us about what they think and how they behave; provides and reinterprets statistics on employment patterns, family status, and culinary and other domestic practices. Draws a moral for advertisers and magazine publishers.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

Art/William Packer

Abstract painting is here to stay

Whatever our feelings for figurative art and its supposed revival in the past decade, abstract painting, which has been with us for at least a lifetime, is here to stay – and we had better get used to the idea. Some of our best painters, though not necessarily the best known, are indeed as much committed to it as ever, and it is good to see, from the hang in its gallery 43/44, that the Tate has lately acquired on our behalf fine examples of the recent work of Alan Gouk, John Hoyland and John McLean among others.

But an even more spectacular coup of acquisition is to be savoured next door in gallery 40/41, where the Tate's five major paintings by the American abstract expressionist, Jackson Pollock, hang side by side. Of that group, three had only been on loan from the artist's widow, Lee Krasner Pollock, herself a distinguished painter of the New York School. However, through the offices of the Pollock-Krasner Foundation which, since her death, has administered the joint estate, those paintings have been bought for the permanent collections. This transaction at once puts the Tate's among the principle holdings of Pollock's work outside America.

Pollock died in 1956 at the age of 44, victim of a car crash that closed an effective career of little more than 20 years. The virtue of the Tate's group lies in the view it gives us of that career, marking it with definitive works of the first importance.

The earliest of these three works, "Birth," a comparatively small upright canvas dating from about 1941, is perhaps the most intriguing. It establishes Pollock's work firmly within the currency of European modernism – abstracted but not yet removed from figuration in the sense that Picasso or Miro are abstract expressionist, surreal and always deeply symbolic. But in "Birth," it is not the imagery alone that is important, but also the manner of its statement, full of a turning and rising graphic energy even though, for the moment, the paint is so thick, rich and stiff.

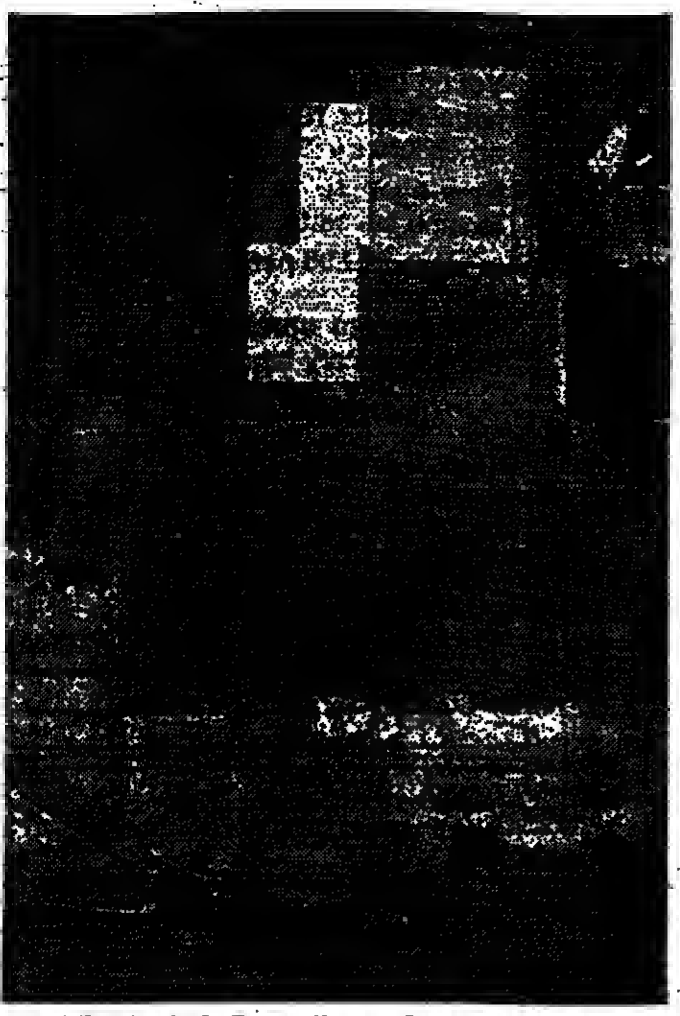
The next painting, "Summertime," is the more obviously extraordinary, while yet conforming more to expectation. The canvas is nearly 18 ft long but not 3 ft high, an object that we experience episodically as we move past and through it rather than from a distance, static and all at once. It dates from 1948, by which time Pollock had evolved his notorious method of working his canvas unstretched upon the floor, running and dripping the paint freely across its surface from all four sides. "I feel nearer, more a part of the painting," he said. "(I can) literally be in the painting . . . It is only after a sort of 'get acquainted' period that I see what I have been about." Light, open, infinitely subtle as the image dances along the canvas, "Summertime" shows just what this method offered Pollock in terms of technical authority and control. It is beautiful and as cheering as its name suggests.

The last painting is the most directly impressive of the three, both physically and imaginatively. Called simply "Number 14," it dates from 1951 and is a major example of the late group of works known unsurprisingly as the "pourings," the liquid paint poured directly onto the unprimed canvas. It is entirely black, a large, dense image that might be a kind of romantic landscape of the mind. And yet, like figures in the flames, other images of some considerable foreboding seem to come and go: snake, dragon, giant, reclining woman.

But Pollock is not the only great painter of the New York School currently being celebrated at the Tate. The small show in the adjoining galleries of the late work of Hans Hofmann (until May 1, sponsored by Donaldsons Chartered Surveyors) is a revelation. Hofmann, who died in 1966 at the age of 86, settled in America in the late 1930s, and it was the art school he then opened in New York that preoccupied him well into his 70s. His influence was acknowledged, his work known and respected, but his reputation long remained more covert than open.

Here we have, with but one exception from the 1940s, the work of his last dozen years, in which at last we see him reconciling cubism with expressionism, structure and formal stability with painterly activity, and the lightness of pictorial suggestion with the fact and stuff of paint on canvas. The primary colours are hot and saturated, the earth colours dark and rich.

His paintings, too, are instinct with the romantic and the symbolic. "Ora Pro Nobis," go the titles, "Pax Vobiscum," "Let There Be Light." One of his last paintings he called "In Sober Ecstasy," an image composed of two dark rectangles, one umber, the other purple, that float before an active expressive ground of green, brown, orange and blue, close-toned as it were undergrowth in shadow cut through by the odd shaft of light. We might smile at the minor pomposity, but all true artists would know what he meant.



Hans Hofmann's Pompeii on exhibition at the Tate

The Constant Couple/Swan, Stratford-Upon-Avon

Michael Coveney

The new Stratford-upon-Avon season opens in the Swan this year with a revival of George Farquhar's *The Constant Couple* that is more interesting than compulsive. It does not come off with the éclat of the 1982 Other Place revival of *The Twin Rivals*, an even rarer piece than this one, nor does it fulfill all the promises made for it by William Archer in his famous edition, followed faithfully here – too faithfully methinks – by the Royal Shakespeare Company and director Roger Michell.

The narrative crux comes at the end of the third act, when we learn of Lady Lurewell's revenge motive. Seduced at 15 by an Oxford scholar, ("These strolling collegians are never abroad but on some mischief") she has spent her inheritance on wreaking sexual havoc throughout Europe. It is a major point in Maureen Beattie's favour that you can believe she has done just that.

The final chapter of her adventure will take place in London, and it implicates two veterans of the Netherlands wars, Sir Harry Wildair (Pip Donaghy), one of the great life-enhancing creations of the Restoration stage, and the lately disbanded Colonel Standard (Tony Armatrading). A tripartite romance play-off is hatched by the "outwardly pious" Vizard (David Acton), scorned by the honest Angelica (Amanda Root) and bent on others' discomfiture.

There is also an odd, greasy sense of incongruous holiday with the promise of some curious papal Jubilee in Rome, towards which the wonderful Clincher brothers, one a newly affected Beau, the other a country clodpole, are devoted. Roll into all this a fornicating old Alderman (Joe Melia) finally accused of packing French wine in Spanish caskets, and a farcical device by which a house of repute is labelled a brothel, and you have some pretty potent narrative ingredients.

Now Farquhar's reputation for plot-spinning is not all that hot, least of all in this play. But there are times in the Swan when you feel you are watching nothing but plot, and a convoluted one, too. Pope's snide point about the pert, low dialogue is taken, but there is also a vivacity and a directness about this language that sets it quite apart from (if not above) that of Vanburgh, Congreve and Wycherley.

The RSC has recruited the designer, Ultz, responsible for *The Twin Rivals*. He echoes that memorable event's predominant white silk and satin look as well as the poodle wigs and swept-back coiffures. But in the Swan, which looks more like a wretched Tudor wine bar with each passing season, there is a creeping naffness to the show's visual finish. Everything is laundered, unreal, prissy. The effect is compounded by a most unfortunate sextet of posing, satinate extras who hump candelabra and tureens while beadily looking down their noses at the paying customers.

The material world of Farquhar's London remains as much a mirage as the unattainable Jubilee. Pip Donaghy's Sir Harry is a major misfire by a fine, delicate actor not given to grand explosions. His diction is dreadful (not that anyone at the RSC will do anything about that) and his best moments passive – as when he interprets Angelica's simple declaration of love as the fustian rhetoric of a "first whore in heroics."

Last year's Stratford season opened up with an abysmal *Julius Caesar* but turned out to be one of the best in recent memory. This acting line-up is not all that promising, but three performances puncture the enveloping blandness. Best of all is Simon Russell Beale's prancing Beau, a Mollie Sugden clone in red tights and Rasta curls. He makes a real journey of Clincher Senior's descent to the mire of Newgate, an ironic counterpoint to his ludicrous aspirations.

And other participants in the sub-farce of disguise and disgruntlement are Joe Melia, boney and hilarious in drag, and Desmond Barrit as Tom Errand, a put-upon-porter who expresses final dissent in the frightening, grandiloquent gesture of catapulting a hanging lamp across the head of his cringing doppelganger.

Alastair Muir

Maureen Beattie as the adventurous Lady Lurewell

Margaret Price/Covent Garden

Richard Fairman

The increasing frequency of Margaret Price's recitals in this country is to be welcomed. These days she may find herself forgetting which language to address the audience in, but celebrity status and its attendant frivolity have never been allowed to bedevil her recitals. The atmosphere remains cordial and dignified with the clear acceptance all round that the music comes first.

For her Covent Garden recital on Tuesday there was certainly no lack of musical substance. Haydn and Beethoven made up the first half, and Schumann leading to *Frauenliebe und leben*, the second. This last always revives memories of past performances: Baker's mature wisdom, Crespin's operatic grandeur, the breathless anxiety of Sylvia Sass. And if Price does not obliterate them, it is simply because her view of the piece is that much more straightforward.

This was Lieder singing of the most true and simple kind. There were no spurious effects. Price merely relies upon the classic virtues of a fine legato line and clear enunciation (faultless German) with just enough careful weighting and colouring of words to show that she really understands what each of the poems means. Perhaps some of the youthful exuberance of the music gets lost on the way, but the slow and reflective songs went straight to the heart of the matter.

How well Schumann wrote for the voice. The lovely, liquid phrasing that we heard in this cycle and again in one of her encores, "Erstes Grün," was entrancing, and all the more so after a group of Beethoven songs in which the composer seemed determined to tie the voice up in knots with nowhere to breathe and rapid volleys of words at all the most awkward moments. This group was more of a duty than a pleasure to all concerned.

The recital had opened with Haydn's *Scena di Berenice*, a marvellous piece for warming the parts of the voice that other songs do not reach: the two-octave leap from middle to top C near the end is a striking display of vocal acrobatics, especially when sung by a voice of this size. Indeed, Graham Johnson might well have supported his singer with greater depth of tone throughout. Margaret Price, 25 years after her debut here, is a big voice in recital and she needs accompaniments to match.

Schnitte premiers due at Aldeburgh Festival

The composer in residence at this year's Aldeburgh Festival (June 10-26) is the Russian Alfred Schnitte.

Three of his works will be given their British premières: the Fourth Symphony, (K)ein Sommernachstraum, and Concerto Grosso No 3.

The two operas in the festival will be Benjamin Britten's *Paul Bunyan* – his first stage work, which will be recorded here for the first time – and Chaikovsky's one act opera, *Iolanta*.

Bunyan will be given by a cast of singers from Minneapolis conducted by Philip Brunelle, and *Iolanta* by the Britten-Pears School, produced by Galina Vishnevskaya.

Other highlights will be performances by pianists Andras Schiff, Alicia de Larrocha, Leon Fleisher, Peter Frankl, Tamas Vasary, Murray Perahia.

Danger: Memory!/Hampstead Theatre

Michael Coveney

This double bill by Arthur Miller was produced at the Lincoln Center in New York last year where it received mixed and baffled reviews. Although Jack Gold's Hampstead production is a long way short of perfect, it is clear that Miller is writing as well as ever, but in shorter gasps.

These are memory plays, giving dramatic extension to the liquid, experimental structure of Miller's recent autobiography *Timebends*. In the first, *I Can't Remember Anything*, two old friends, Leo and Leonora, discuss a retreating past in the light of an uncertain present. In the second, *Clara*, a murder victim's father is interrogated by a detective whose own son committed suicide.

It is Leonora who can't remember anything. She was married to Leo's friend Frederick, who died over 10 years ago, for 45 years. Reaching again for the bourbon, she does not understand why she is not dead. Leo suffers from arthritis and has donated his organs to medical research. Their old age is a source of both strength and regret, although Leonora's visits are beginning to wear Leo down.

Pinter's Landscape was a starker, more elliptical version of the same situation. The setting was also a living area in a remote country house. But in Miller the fabric of people's lives is more richly detailed. They exist not in poetic intonations but in hard and concrete utterance, in language as well-worn as their clothes. It is here that the performances of Betsy Blair and Paul Rogers are wanting.

Miss Blair is winsomely, not muscularly, eccentric, and she is far too young for the role. (Miller's specification of 12 years' seniority over Leo is cut, and this matters greatly.) Mr Rogers is mannered and fussy, an unlikely sort of life-long Communist, serving up his political disillusionment in a dreadfully Bsw-whiff Irish accent. ("Chroist, it's the roilce," he exclaims when the meal bubbles over on the stove).

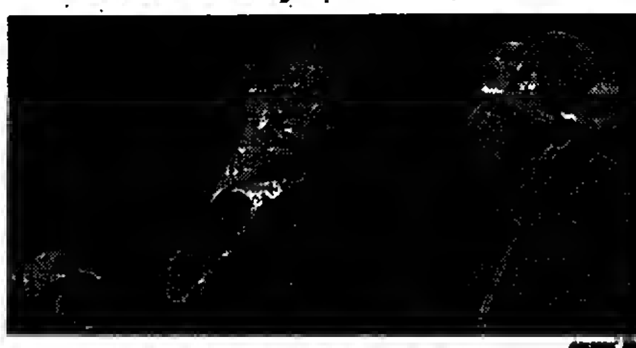
The odd, prismatic nature of the ritual encounter is given a conventional shape when the couple dance to a record of an Indian samba sent by Leonora's son. The conclusion, ambiguous on the page, is merely confusing on the stage. The sun has set for such people, but Miller's point is that they still exist and have something to teach us. In Mr Gold's production, we are invited to titter at a couple of shallow hillbillies.

Resonance and credibility are lacking, too, in *Clara*. Albert Kroll is played by Mr Rogers as a sort of startled insomniac, whereas Miller's character, pummelled and initially comatose with shock, is taken deep into his own spiritual conflict between youthful idealism and a career with a shady construction company. Kroll is thus in some ways a condensed version of Joe Keller in *All My Sons*.

The murdered girl (Sarah Keller) appears in flashback, and the insistent promptings of John Bennett's Jewish detective elicit from Kroll her association with a convicted "murderer." Clara worked at rehabilitating criminals, a point laboriously underlined by her attachment to caged birds. Names and details come to Kroll in sudden flashes which also light up the dowdy office walls. In a long final speech he relives an act of anti-racist heroism at the Biloxi training camp at the start of the last War. Only then can he name Clara's killer.

Not everything works in this play. The duet between the officer and Kroll is struck with one or two glaring implausibilities. But it does exert a shimmering, disturbing fascination. As so often in Miller, the whole of a man's life is brought to the boil in a dramatic instant.

The general unease of the acting has not spread to the other interpretative departments. Sue Plummer's two sets of scrubbed and painted boards are ingeniously arranged on the small stage, providing some much-needed realism in the first play and an appropriately murky hinterland for the second. Each is lit with expert cunning by Mick Hughes.



Alastair Muir

Betsy Blair and Paul Rogers

Jeffrey Tate/Festival Hall

Max Loppert

Jeffrey Tate is much in evidence at the moment, conducting a wide range of concerts, orchestras and programmes. Tuesday night's London Philharmonic Orchestra concert sent out some disquieting signals about the Tate phenomenon. It offered a curious combination of works – Shostakovich and George Benjamin in the first half, Bruckner's Ninth in the second – but that was much less worrying than the sound (as it were) of a conductor spreading himself thin in most of the music, and of his players responding in kind.

The LPO is London's leading Bruckner orchestra, the one most often able to produce that peculiarly deep-toned, gently swelling radiance of sonority out of which the composer's ideas can emerge in fullest grandeur. There was not much radiance on offer last night. Dynamic markings were summarily treated, particularly at the lower end. The string playing was often thin and straggly, the brass rough-edged rather than mellow; in the long passages of steady growth toward Bruckner's heaven-opening climaxes, the failure of the various departments to achieve the proper blend meant that those climaxes seemed perfunctory on arrival, and short-winded to boot.

Throughout the performance there were also, it's true, intimations that the conductor has a genuine capacity for drawing out the long lines of each movement; but they were apt to be suddenly stubbed out by pages of sadly pedestrian, "read-through" quality.

One knows and admires the best of this conductor and this orchestra, and one also knows how distant Bruckner 9 was from that best. In the opening work, Shostakovich's First Cello Concerto, the orchestral low voltage – rhythmic, tonal, and in support of the solo cello line – was, if anything, even more disheartening. By nature Ofra Harnoy, the fine young Canadian cellist, is probably better suited to the work's *moderato* melancholy than to its stamping, pounding Tartar vitality, but she was given precious little encouragement to challenge, let alone overcome, nature. Benjamin's startlingly vivid and beautifully textured Wallace Stevens setting, *A Mind of Winter*, inspired probably the LPO's liveliest form of the concert; the soprano, Candace Goetz, was pure, lustrous, and imaginative.

Hideko Udagawa/Elizabeth Hall

David Murray

Miss Udagawa is a violinist of great technical security and dispatch; however, these virtues were insufficient to make her recital with Pavel Gililov on Tuesday of more than passing interest, despite a goodish programme. There were real flickers in their final piece, Richard Strauss's early Sonata, but there was audible evidence that her accompanist - a cultivated Romantic pianist, for sure - had got the bit between his teeth, and that Udagawa was faithfully following him. That's an ungallant observation; the strongest impression she made, nevertheless, was of omnicompetence innocent of imagination.

It would have been encouraging if she had played something badly. Perhaps her bland, crooning account of Chopin's last E-flat Nocturne as transcribed by Heifetz might count, but the thing is anyhow a travesty - any serious pianist should demand danger-money for participating in it. She was extremely efficient in a mock-gypsy piece, another Heifetz transcription, without generating the tiniest thrill. Otherwise she delivered Brahms' D minor Sonata, and his "F.A.E." Scherzo, along sound conventional lines, and the Mozart G major K.301 in exactly the same manner, *ie* tight, smooth and short-breathed - not idiomatic Mozart-playing, but undoubtedly well-meant.

Gililov politely declined to lead in the latter piece (in which the piano *does* lead), and even narrowed his dynamic range to the point of evoking old-fashioned music-box Mozart.

Arts guide

April 1-7

Exhibitions

WEST GERMANY

Berlin, Martin-Gropius Bau. Joseph Beuys (1921-1986). This is the first complete show of Beuys works ever presented in Berlin. There are about 150 room-sculptures and objects and about 400 paintings from the end of the 1940s to the end of the 1980s based on a cycle The Secret Block for a Secret Person in Ireland. The sculptures are an echo of real life and the artist's memories. Beuys was a political radical, who attracted plenty of hostility. This exhibition has been criticised for not showing this aspect. Stresemannstrasse 110. Ends May 1.

Bottrop, Joseph Albers Museum, Im Stadtgarten 20. To commemorate the 100th anniversary of Josef Albers' birth, 100 paintings of the artist, born in Bottrop (1888-1976), cover the full range of his work. (Ends May 8).

Bad Homburg, Sinclair-Haus Lowengasse/Dorotheenstrasse. From Manet to Picasso 22 great works of European painting, on loan from Wuppertal von der Heydt Museum and 9 paintings from Marees. (Ends April 30).

AMSTERDAM

Stedelijk Museum. An explosion of colour and exuberance fills 18 of the museum galleries in the Frank Stella retrospective of paintings and reliefs from 1970-1987. Ends April 10.

Tropenmuseum. The arts and crafts of Indonesia illustrated with more than 250 objects in bronze, bamboo, textiles and precious metals spanning 2000 years of cultural history. Ends August 21.

Fodor Museum. The influence of realism and impressionism on the 19th-century Amsterdam school of painting. (Ends April 17).

Rotterdam, Boymans-van Beuningen Museum. The textiles of Noriene and the glass artistry of Lino Tagliapietra. Inspired by the Light of the Lagoon and the long tradition of Venetian craftsmanship. (Ends May 29).

The Hague, Gemeentemuseum. A lavish exhibition tracing Mondrian's development from figuration to abstraction, together with 70 paintings and drawings from the late New York period on loan from the Sidney Janis collection. Ends May 29.

Overholland Museum. Frank Stella drawings 1956-1970. Museumplein 4. Ends April 10.

PARIS

Grand Palais. Zurbaran. From New York, an exhibition of 72 paintings retraces the artistic development of one of the great masters of the Spanish Golden Age. Influenced at first by Caravaggio's chiaroscuro technique, Francisco Zurbaran progressively abandons the strongly-contrasted rich colours for a softer palette with near monochromes. Reversing the perspective, using geometrical composition settings and shedding everything superfluous, the mystical painter of the counter-reformation seems to be a precursor of cubism. (42560930). Ends April 11.

Musée d'Orsay. Van Gogh in Paris. To mark the century of Van Gogh's two-year stay in Paris, a period which proved a turning point in his artistic development, the Musée d'Orsay has assembled more than 50 of his paintings and a dozen of his drawings from national and private collections. By bringing together landscapes and still life by Monet, Anquetin, Renoir, Toulouse-Lautrec and Signac next to Van Gogh's work, the exhibition brings out their influence on the transformation of the Dutch artist's traditionally sombre colours into a soft Impressionist palette underlined by contrasts of blues and oranges, reds and greens. Yet in spite of the revelation of his affinities with impressionism and post-impressionism structured by a strong and almost pointillist style Van Gogh used both the techniques in his search for his own, profoundly personal art expressed most dramatically in the series of his self-portraits. (45 49 48 14). Closed Mon. Ends May 15.

Centre Georges Pompidou. Le Dernier Picasso 1953-1973. By placing the last 20 years of Picasso's work in the context of contemporary art, the 95 paintings, 34 drawings and 70 engravings exhibited permit a fresh approach to the controversy caused by contradictory judgements on the ageing painter's feverish creativity. Absorbed at first by paraphrasing Delacroix, Velazquez, Manet and David, his fantasies and obsessions turned to the painter and his model and finally to the basic themes of the archetypal woman, the couple, the man. (42 77 12 33). Closed Tue. Ends May 16.

Petit Palais. Winterhalter and European courts from 1830-1870. A retrospective of the painter of graceful feminine beauty around the thrones of France, England and Belgium. (42 65 12 73). Closed Mon. Ends May 7.

Grand Palais. Degas. An important retrospective of 275 works covers 60 years of the artist's career from his student beginnings in Italy to the rich maturity of his last years. His favourite themes of ballet dancers – there are the two versions of the Classes de Danse – and of jockeys and race courses, of washerwomen, milliners and bathers show the diversity of his inspiration echoed by the variety of his modes of expression. Oils and pastels, drawings and engravings, photographs pass Degas' dedication to the vision of daring and invention of the painter who helped to usher in modernity. Grand Palais (45 56 09 34). Ends May 16. Closed Tue.

LONDON

Tate Gallery. David Bomberg – A full retrospective of one of the most distinguished British painters of the century, yet one whose secure critical success came only after his death in 1957, at the age of 66. As a young man in London before the First World War, Bomberg was associated with the vorticist movement, of the first importance and originality. But now we can see that far from fading into sad mediocrity, deserving of neglect, his later work, though superficially so different, retained all that strength, liveliness and profound originality.

ITALY

Florence, Palazzo Pitti. Floralia – 80 paintings of flowers and plants with drawings, tapestries and illustrated botanical books, testifying to the Medici's precocious passion for this science. From Cosimo I onwards. Ends April 10.

MADRID

Circulo de Bellas Artes. The Romantic Tradition in Contemporary British Painting proposes that a parallel development to Modernism has embraced most major British artists since William Blake and that it is as alive today as 150 years ago. This is the first exhibition to undertake such a re-examination and the first group exhibition of contemporary British painting to tour Spain. It features 10 artists and 85 works from private and public collections, some being shown for the first time. The romantics established a spiritual-landscape tradition which proved to be indigenous and an enduring influence in the century to follow. This lineage can clearly be traced from the 19th century through Nash, Sutherland, neo-romanticism, Moore, Bacon and British abstraction of the 1950s in the artists represented in this exhibition. Ends April 17.

NEW YORK

Metropolitan Museum of Art. Every phase of Fragonard's art is included in this, the first comprehensive exhibition of his works that capture France in the last decades of the ancien regime. With 80 paintings and 130 drawings, the show comes from the Louvre with his studies of contemporaries in theatrical costumes as well as paintings like The Fete at St Cloud and The Seesaw. Ends May 8.

WASHINGTON

National Gallery. The human figure in early Greek art is the subject of 67 sculptures and painted pottery starting in the 9th and 8th centuries BC with silhouetted stick figures and ending with the naturalism perfected in the 5th century BC. Ends June 12.

CHICAGO

Art Institute. A centenary retrospective of the work of Georgia O'Keefe evokes the world of flowers and skulls in the luminous light of New Mexico. Ends June 26.

TOKYO

Spiral Garden, nr. Omotesando. Kodama is a Japanese word which can mean either spirit of wood or echoes. This exhibition features wooden sculptures by two Japanese artists whose work evokes nature. Shigeo Nishina's hollowed-out trees are inspired by nature while Atsuhiko Sekiguchi is influenced by the urban environment and uses processed wood products.

Teien Museum, Meguro. Art Deco Glass by Rene Lalique. This museum is a former imperial residence and has one of the finest Art Deco interiors in the world. Among its many treasures is a set of doors with relief figures of winged goddesses, created by pouring molten glass into a mould and applying pressure. They were designed and made by the master of Art Deco glass, Rene Lalique (1860-1945), as were a number of other features of the house. This special exhibition comprises some 200 other examples of Lalique's work, many of them on loan from collections overseas.

Saleroom/Antony Thorncroft

Star lots going for a song

Sotheby's struck a rich seam when it launched its first sale of rock and roll memorabilia in 1981. Demand was incredible, mainly from institutions such as the Hard Rock Cafe in London, and from dealers in the US and Japan.

Now it is holding two sales annually, and has one today, which includes over 40 lots being disposed of by John Entwistle of The Who, and seven by Jamie Reid, who designed the artwork for the notorious Sex Pistols. He is donating the proceeds to "Stop the Clause," the lobby against Clause 28.

Not surprisingly, Sotheby's competitors have leapt on the bandwagon. Yesterday it was the turn of Phillips. What is believed to be the first acetate recording by the Rolling Stones, three songs cut in London in 1962 on three-track and at 45 rpm, sold for £6,500. (This was in the days before Charlie Watts was the band's drummer).

Other exceptional prices were the £4,400 (top estimate £3,000) paid by the Hard Rock Cafe for a pair of Michael Jackson's purple, dancing-shoes, heavily studded with glass stones, and £4,180 for his white dance shoes signed in blue ink.

Elvis Presley is not forgotten. A Japanese collector paid £1,760 for his full length eastern-style green and gold bedrobe, one of nine he ordered, while a gold and diamond ring worn by The King sold for £3,300.

The Hard Rock paid £3,300 for the Ludwig drum kit of John Bonham, the drummer with Led Zeppelin, and a hand written letter by Jimi Hendrix to a fan more than doubled its estimate at £1,760. In all the auction far exceeded its £100,000 forecast.

Sotheby's is selling musical memorabilia of a very different kind on May 6 when it offers part of Beethoven's "Ode to Joy," written in his own hand.

It represents the largest authentic chunk of this famous work, the climax to his Ninth Symphony, to appear on the market in generations. A price of up to £100,000 is anticipated. The 27 bars of the Ode were identified by Sotheby's for the vendor, an overseas collector.

The complete autograph manuscript of the 9th Symphony is in East Berlin, while the British Library has on loan a scribe's copy with Beethoven's annotations.

He sent this to the London Philharmonic Society in 1824, in return for £50. Beethoven later made them some corrections and Sotheby's believes it is these which it is offering in its sale of music and continental manuscripts.

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Thursday April 7 1988

Coming of age for Airbus

THE EUROPEAN Airbus programme, as its backers never tire of pointing out, is an unrivalled triumph of European industrial and technological collaboration. In the past 20 years, it has carved out a substantial share of the world commercial airliner market, with sales and orders totalling more than 1,000 aircraft.

Unfortunately, the success of the Airbus sales force has not been matched by the development of a commercially sensible structure for the programme and of proper management disciplines. As Mr Jean Pierson, president of Airbus Industrie, admitted recently, the way in which the programme is organised has changed little since it first began.

Inefficiency

Many deficiencies of the present system are highlighted to a report by a panel of "wise men", commissioned recently by the governments of the four countries involved in Airbus. The report is understood to argue that the absence of overall supervision and proper controls have led to inefficiency and inadequate accountability on the production side. It is astonishing to learn, in particular, that nobody involved in the programme has a clear picture of the costs of the different companies making the aircraft.

This laxity reflects in part a confusion of purpose. Conceived originally as much for political as industrial reasons, Airbus has since been justified variously as a make-work programme for Europe's aerospace industries, as a counter to Boeing's dominance of the world civil aircraft market and as a means of maintaining vital technology and skills on this side of the Atlantic.

Until recently, European governments were content to back these diverse ambitions with generous subsidies. Two factors have intervened, however, to change their attitudes. One is the trade conflict with the US over Airbus financing. The other – and probably more potent – factor is the fall of the dollar, the currency in which Airbus sales are priced.

Even the most ardent Airbus enthusiasts in Paris and Bonn have quailed at the prospect of having to find substantial extra resources to cover the resulting huge operating losses of the Airbus partners. Indeed, the report of the four "wise men" was commissioned largely to response to these fiscal concerns.

The report is understood to recommend a number of practical steps to improve the efficiency of the programme. These include the creation of an integrated management structure with overall responsibility for the programme, tighter cost controls and possibly increased competitive tendering by suppliers not directly involved in Airbus.

Thsse recommendations appear to have been well received by the four governments and by Mr Pierson. The challenge will be to win acceptance by the companies involved in Airbus, which are also the shareholders in Airbus Industrie. British Aerospace, the UK partner, is favourable. However, the reactions of the French, West German and Spanish companies involved are more guarded. Unlike BAe, they are wholly or partially state-owned and hence more sheltered from chill commercial disciplines.

It is imperative that their governments exercise firmly their prerogatives as shareholders and insist that the days when they could be counted on to cough up more funds on demand are over. From now on, the Airbus partners must be compelled to show that they are operating on proper commercial lines and to maximum efficiency. It must be made clear to them that, unless they do so, they will put the whole future of the programme at stake.

Private investment

An effective way to enforce commercial realism would be to transform Airbus Industrie from its present indeterminate status as a French *groupement d'intérêt économique* into a limited company. Though devising a suitable legal framework might take time, European governments should insist to the interim that Airbus publish proper accounts.

That would open the programme to more effective public scrutiny and go some way to defuse US trade complaints. It may, in any case, be unavoidable in the longer term, since it seems highly unlikely that Airbus will be able to finance the massive costs of producing its planned A330/340 models without recourse to private investors.

Next year marks the 21st anniversary of the launch of the first Airbus A300. There could be no better way to mark the programme's coming of age than to cut it loose from the apron strings of governments and send it on its own way to the world as a fully-fledged commercial venture.

US policy on Afghanistan

THE TWO superpowers are now engaged in s complex series of manoeuvres over the war in Afghanistan which appears to take distressingly little account of the future of the battered nation itself.

Since Mr Mikhail Gorbachev signalled his intention to withdraw the Soviet occupation force from Afghanistan after more than eight years of fighting and the loss of 1m Afghan lives, the US and the USSR seem to have lost sight of the only logical objective: to end a war in such a way as to minimise future bloodshed and maximise the chances of the country's surviving population resolving their own political differences without external pressures or interference.

Settlement

Six weeks ago there were superficial grounds for optimism. Mr Gorbachev wanted to pull his 115,000 troops out. Mr Diego Cordovez, the UN mediator, was optimistic enough to recall Afghanistan and Pakistan to Geneva to try to complete negotiations on the timetable and mechanics of a Soviet withdrawal. All parties outbid each other to professing their desire for a settlement.

As it turned out, each party wanted something different. The Soviet-backed Kabul government wanted to survive; the Soviet Union wanted to avoid a dishonourable defeat to an increasingly unpopular war while maintaining important links with northern Afghanistan (especially oil and gas resources); the Afghan resistance wanted absolute and outright victory; Pakistan wanted guarantees that Soviet withdrawal would be followed by the return home of 3.5m Afghan refugees; the US wanted the clear defeat of Communist aggression (and, perhaps, a psychological balancing of its own humiliation in South East Asia more than a decade ago); Mr Cordovez appeared to want signatures in Geneva at any price.

Trying to marry these irreconcilable objectives has produced some peculiar policy contortions, the most recent and untenable of which comes from Mr George Shultz, the US Secretary of State.

The US and the Soviet Union (and the UN) are required to sign the Geneva withdrawal accord as guarantors. Last December the US made signing and the ending of its military aid to the mujahideen resistance conditional on a "symmetrical" cut of military aid from Moscow to Kabul.

The Soviets refused, objecting to any interference to the relations between two sovereign states. This apparently induced Mr Shultz last week to propose "positive symmetry" which means the US and the Soviet Union, already pouring sophisticated weapons in to their respective clients, would continue to send "balanced" arms shipments to open-ended commitments.

It is hard to see how this proposal can contribute to a resolution of the tragedy of Afghanistan. It is directly contrary to the commonly accepted goal of reducing bloodshed and thus creating the kind of environment in which non-violent dialogue between the Afghan factions has at least the glimmer of a chance.

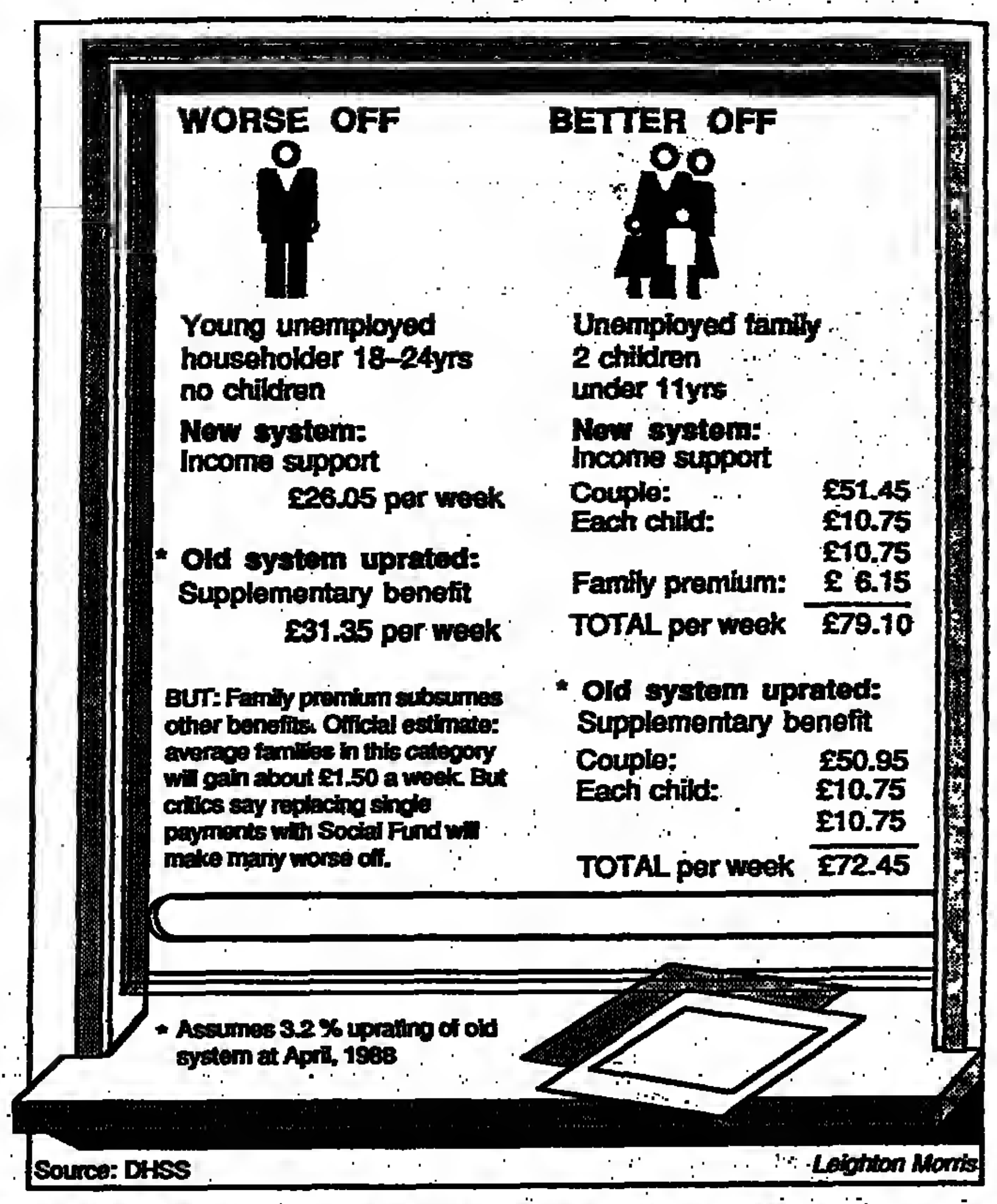
If accepted, it also means that the US and the Soviet Union would go through the charade of signing Geneva accords which they would have agreed in advance to violate; the accords stipulate that there should be no external interference in the affairs of Afghanistan starting 60 days after the signing. How could Mr Perez de Cuellar, UN Secretary General, sign this accord knowing that to be the case?

Aftermath

If the Soviets withdraw anyway, on their own terms without agreement to Geneva, a violent aftermath remains the likely result. But at least the US could not then be accused of being the architect and duplicitous signatory of an option guaranteed to deliver the worst of all worlds. Perhaps Mr Perez de Cuellar, the UN Secretary General, should consider suspending the Geneva process forthwith, in the hope that Mr Shultz and Mr Eduard Schevardnadze, his Soviet counterpart, think again when they meet in Moscow on April 25.

A reform of British social security takes effect next week. **Alan Pike** assesses its likely impact

Facing down a chorus of disapproval



THE GOOD news for Mr John Moore, Britain's Social Services Secretary, is that he is about to be rescued from several months' unrelieved concentration on the problems of the health service. The bad news is that escape will take the form of an equally explosive outbreak of misery over his department's reform of social security.

Britain's social security system, which makes health spending look modest and consumes about 30 per cent of all public expenditure, next week faces some of the biggest changes since the modern benefits structure was established 40 years ago.

Simplification of an intensely complex framework of benefits is one of the Government's motives for change. It has tried to re-examine the concept of need in modern society and to see that public benefits cope with it more effectively. It believes the new system will be fairer, easier to understand and better targeted at those in greatest need. The changes will also ease the poverty and employment traps, under which people receiving benefits have sometimes ended up worse off by taking modestly paid jobs or by having a pay rise. Until now, someone on a low income could earn an extra £1 and be up to £1.09 worse off.

Like Mr Moore, Mr Nicholas Scott, the Social Security Minister, inherited rather than constructed the changes, which originated in the 1986 Social Security Act during Mr Norman Fowler's tenure at the DHSS. Mr Scott has advanced the Government's case with increasing vigour as next Monday's implementation date approaches. He has declared that the reforms will update the vision of the 1940s Beveridge report, the foundation stone of British welfare policy, but he has not silenced the critics.

Objections have come not just from the so-called poverty lobby – organisations which represent the interests of poor people and advise them on making benefit claims – but also from academics, social workers, research organisations, local authorities of all political views and charities.

The impact of the 1986 act falls into two categories: modifications to the state earnings-related pension scheme and the encouragement of personal pensions, which will have long-term effects; and extensive social security benefit changes, including restructuring the main means-tested benefits:

● Supplementary benefit, the core social security provision for those who do not have enough money to live on, is being restyled income support. People will get a basic rate of benefit to meet regular weekly needs – £33.40 for a single person over 25 – topped up by premiums for families, single parents, pensioners and the long-term sick and disabled.

● Family credit replaces family income supplement as a benefit to help low-income working people with children. A couple, with two children, in receipt of £90 per week might qualify for £17 a week family credit.

● Housing benefit, which helps people of limited means with rent and rate payments, is being simplified. Its budget is being cut and many will lose their entitlement. All recipients will have to pay 20 per cent of their rates, although the Government says it has compensated for this within the changes.

Opponents see the Government's objective as narrowing the definition of the needy and reducing individuals' dependence on state support. The ambition seems to be to curtail a perceived "dependency culture" in Britain.

Because of the system's complexity and the fact that benefit increases would have been due under the old arrangements, the question of who gains or loses is the subject of much dispute.

The Public Expenditure White Paper shows that the Government expects income support to cost £8.584bn in 1988-89 – £225m more than if supplementary benefit had survived with its rates increased in the normal way. Family credit, at £409m, will be twice as costly as continuing the old system. On the other hand, the new housing benefit will save £640m on a straight uprating of the previous benefits and rebates.

Opponents see the objective as narrowing the definition of the needy

The Government will spend more than £200m on transitional arrangements because existing supplementary benefit claimants would otherwise have suffered cuts to income from the move to income support. Critics say that this proves that people will eventually be worse off and that freezing payments at last year's level is a cut.

Mr Scott says the new structure will leave a majority of pensioners, three-fifths of single parents, 77 per cent of couples with children and four-fifths of sick and disabled people either better off or no worse off. At a Commons Social Services Committee meeting last week, he gave qualified acceptance to the view that if the "no worse off" category is excluded, there are more losers than gainers. "But if there was no change in gainers and losers, we would would be saying the existing system was perfect and needed no change," he said.

His contention is that the new benefits will be more effective in giving help to those who need it most, particularly low income families and the disabled.

Critics see evidence in this approach of a policy of distinguishing between deserving and undeserving claimants. Other developments – like excluding from benefit young people who refuse places on the Youth Training Scheme and imposing a six-month disqualification from unemployment benefit on people who leave jobs voluntarily – are regarded in the same light.

In any case, the Government's contention that its reforms will help those in the greatest need is itself disputed. Mr William Daniel is director of the Policy Studies Institute (PSI), which carried out research for the DHSS as part of a review of the social security system leading to the 1986 act. He has issued a statement declaring that many of the Government's stated objectives will not be met.

"Battles cannot be won if the commanders do not obtain and act upon accurate intelligence," he said. "It is extraordinary that the Government gives so little weight to independent research in its domestic policies."

The PSI says the changes will fail to direct resources to those in greatest need since "the gainers and losers from the reform are just as poor as each other." Unemployed families with children – one of the groups the Government is particularly trying to help – will, on PSI calculations, be about £2 a week worse off. An increase in their weekly income will be more than cancelled out by grant reductions.

The changes have failed to find any greater favour with the disabled, another target group. The Spastics Society says the reforms will take rights away from disabled people and make them dependent on discretionary decisions and charity.

Given the scale of social security expenditure – last year's budget was £44bn – it at first seems absurd that the Government is facing the most heated criticism over a relatively trifling £210m. This is the budget for the Social Fund, feared before its birth by benefit claimants, which is replacing the system of single payments for special needs.

One-off grants to meet special purchases, like a new cooker, have for many years provided a safety net for social security claimants. The most fundamental difference between new and old systems is that the Social Fund will, to most cases, provide only loans which must be repaid.

There will also be a cash limit so that Social Fund officers, to the words of the DHSS's fact sheet, will have to "look at the needs of all the people who apply for help and decide which needs can be met from the money available." Opponents say this will be inequitable: opposite decisions will be made on identical claims because of local or seasonal variations in available funds.

Among the critics can even be found the Government's Social Security Advisory Committee, which argued that a fund of at least £350m would be necessary to make the proposed system work. Others, like the Child Poverty Action Group, say a tightening of the single payments system since 1986 has already increased hardship.

Mr Scott has described many of the attacks on the Social Fund as scaremongering. The Government says the single payment system was unfair and open to abuse – in 1983, 9 per cent of claimants received 30 per cent of one-off payments. People in low-paid employment have to budget to meet their domestic needs and, say ministers, there is no reason why those on social security should not do the same.

Social services departments and charities are preparing for increased pressure on resources. For example, people who are burgled and left without any money will qualify for crisis loans under the Social Fund only if there is "no other way of preventing a serious risk to their health or safety, or their family's health and safety." The fund's officers will also have to consider whether charitable support is available.

Mr Robert Morley, director of the Family Welfare Association, says charities seeking to relieve domestic poverty do not have enough money to cover a reduction in state support. "We also know, from remarks which are made when we try to collect money, that most members of the public believe the relief of poverty should be funded by the state through taxation."

Last year, the Government began to encourage support for charities through the payroll giving scheme and, in last month's Budget, the Chancellor doubled the limit on tax allowable donations to £20 per month. But the relief of poverty in late 20th century Britain has not proved a popular choice among donors.

At a conference on the Social Fund last week, Mr Simon Hebditch, of the National Council for Voluntary Organisations, said: "The Social Fund puts the clock back 40 years. The Government wants to force charities to do its job – basic welfare provision – for it. We have made it abundantly clear that we cannot and will not do that."

Such declarations sum up the mood of many parts of the voluntary sector, where the social security changes are not the only thing causing unhappiness with the Government.

Organisations working in the inner cities felt slighted by the heavily pro-business style of the Government's Action for Cities programme launched last month. They believe the initiative grossly undervalued the contribution of voluntary bodies. Other charities running Community Programme projects for the long-term unemployed are looking uncomfortably to the autumn, when wage-related allowances will be replaced by a benefits-plus system to the new adult training scheme.

However, it is acknowledged, even by some of the critics, that housing benefit, income support and family credit will offer a more coherent and co-ordinated system than the ones they replace, and they should be easier to administer. The worst aspects of the poverty trap should also be banished.

There is a remarkable degree of consensus that the social security system is in need of reform, even if this does not extend to how it should be done. On the radical right, Lord (Ralph) Harris, chairman of the Institute of Economic Affairs, argues that unconditional benefits simply create demand for more. He suggests that they should perhaps be confined to "the more severely mentally and physically handicapped and others who could not anyway help themselves." From the left and centre, there are calls for a fusion of tax and benefit systems, and a statutory national minimum wage.

Measured against such fundamental proposals, this month's reforms are about bureaucratic change affecting a group of people, benefit claimants, who have far more face-to-face contact with bureaucracy than most citizens. The changes do not amount to a Beveridge for the 21st century.

OBSERVER

Chancellor's bananas

■Nigel Lawson, the British Chancellor of the Exchequer, had a happy day in his Leicestershire constituency yesterday. He was opening s banana-ripening factory.

The Treasury thinks anything to do with bananas and politics is very funny and referred questions to his political office in Westminster, which claimed not to see the joke.

The question which the Treasury could not answer was: why do you ripen bananas to Leicestershire? The explanation is that it is a very good distribution centre and the rates are low. About 3.6 tonnes of bananas are already stored there, awaiting take-off.

The Chancellor was pleased because he says he likes bananas and anyway it is a very good investment for his constituency – made apparently without prior knowledge that be was the sitting MP.

He went round telling a banana story. How do you make a banana split its sides? You tell it it a jolly good joke.

Not as good, said someone who was with him, as: what do you say to three policemen on the telephone? The answer is: "Hello, hello, hello!" But it went down very well and nobody slipped.

Trouble in Spain

■The Spanish Opposition, hard-pressed to find much fault with the country's popular Socialist leaders, was handed a gift as the number of deaths on Spanish roads last weekend rose to an Easter record of 192. The carnage could be blamed on the Government which has failed to do much about the country's decrepit road network.

Tail-backs on the way to Madrid from the coast on Sunday reached 40 miles. On Monday the issus took off further when it became known that a senior member of the Government had found a much easier way home.

The man concerned is Alfonso Geurra, deputy Prime Minister, who has a reputation as an ambitious "hit-man" for Prime Minister Felipe Gonzalez. He is said, for instance, to be plotting to put a party man at the top of the Bank of Spain after the present governor's term of office expires this summer. Geurra, who is on the left of the Socialist Party, spent his Easter to the Algarve to southern Portugal.

So appalled was he at the line of traffic at the car ferry that joins Portugal and Spain at Villa Real that, after a three hour wait, he turned his car around, drove 50 miles back to Faro and ordered s Spanish Air Force Mystère jet to fetch him. Someone told the press.

The death toll debate has been submerged ever since by outrage at Geurra's extravagance. The man himself is staying quiet. Yet, for Gonzalez, the affair has its uses. He likes to keep his lieutenants to their places. The Prime Minister brushed aside some questions about the jet yesterday by agreeing: "Yes, it is the most important national problem that we have." It showed how well everything else was going.

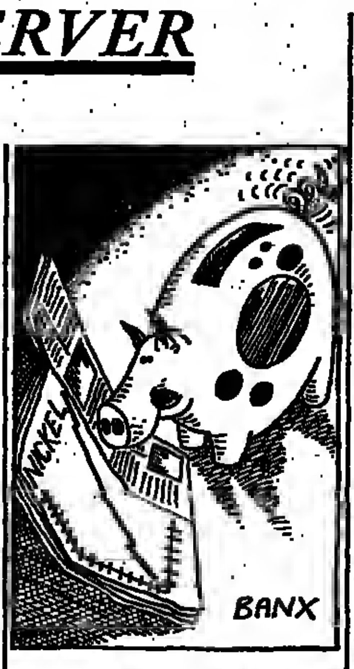
Looking for nickels

■ The inflated prices being paid for nickel on the London Metal Exchange at present could work to the benefit of anyone who happens to have a hoard of Canadian five cent pieces minted before 1982 hidden away in the attic.

These coins, known colloquially as "nickels", are indeed made of nickel of a minimum purity of 99 per cent. From 1982 onwards, the Royal Canadian Mint switched to a 75 per cent copper, 25 per cent nickel alloy. Canada is the world's largest nickel producer.

If you have 99 of these nickels in your possession, you have a pound of nickel. In recent days, the price of a pound of nickel delivered to the LME has been about $11 a pound and could rise still further if industrial disputes are not settled.

The Mint does not know how many pre-1982 nickels remain in circulation. However, between 1976 and 1981, production of the coins averaged 117m a year. There is thought to be no other way of developing s scrap nickel market and business so far is non-existent.



Real union man

■ Franz Steinkuehler, the head of the largest trade union in the western world who was talking to British engineering workers in Birmingham yesterday, is as aggressive a labour leader as they come. But, like most of his West German colleagues, he prefers to channel his energy into practical solutions rather than strikes.

Steinkuehler, who leads I G Metall, a union which now has 2.6m members, mostly in the car and engineering sectors, is the nearest approach that the German union movement has to a media star. He is 50, but looks younger, dresses well and is engagingly articulate on television. He likes to talk about the role of labour and the future of work.

During the current dispute over Ruhr steel closures, he has stressed the need for structural changes to offset the pain, recognising that jobs cannot be saved forever. Yet he has not fought shy of the strike weapon. In his remarks yesterday he emphasised he would not accept a no-strike deal, but – in s new departure – be also talked of the need for trans-national unions to match industry's efforts as Europe strives for s full common market in 1992.

Whatever efforts British unions may be making to reform themselves, it is hard to believe that they have begun to catch up with the German example.

German unions regard strikes as a last resort, preferring to use their muscle within the negotiating system. "Union officials must be able to reach compromises," Steinkuehler says. Employers, too, must recognise where the union stands. "Ws can live better together, if we don't try to fool each other."

He is also quite tough. "Pragmatists without an ideological basis don't deserve to be called pragmatists; they're muddlers through, handymen," he claims.

The new Britain

■Mrs Thatcher's blitz on litter is obviously inspiring. A reader to Bath writes to say that be has abandoned his job as a maker of nose-drops in a pharmaceutical company, become self-employed and established a cottage business which produces litter-pickers.

Derived from the old-fashioned park-keeper's stick, the model is de luxe. The handle is crook ash, there are inlaid fittings and the shaft is polished steel. The price is £10.50, including post and packaging.

School again

■Another school magazine wrote: "We hope to publish more obituaries in our next issue."

John Elliott reports on the severe challenges facing Pakistan's chaotic and deceptive economy

Drugs, guns and growth

THE SOUTHERN Pakistan city of Karachi is awash with the surplus cash of a thriving black economy, partially heroin-funded, and the earnings of migrant workers returning from the Middle East. It symbolises an ephemeral economy and life-style which has emerged alongside massive drug addiction and lawlessness during the past decade in Pakistan.

This is one of the world's poorest countries. The 101m population is growing at 3.1 per cent a year, one of Asia's highest figures. Only 28 per cent of the people are literate and only half have direct access to drinking water. Yet there is a general air of a consumer society. Per capita annual income is relatively high at nearly $400 compared with nearly $300 for neighbouring India.

The mixture is partly a spin-off from the US-aided war in neighbouring Afghanistan and the ready money of the Middle East. But it is also the result of the policies of a series of military governments for a substantial part of the country's 40 years of independence. Such governments have often been more interested in keeping the population content with imported and smuggled goods than in social development and laying a sound industrial base. Democratic institutions have also been allowed to erode in favour of growing army power and rampant corruption.

Now the prospects of an end to the Soviet occupation of Afghanistan and the tailing off of the Middle East oil boom are presenting Pakistan with a new situation which might reduce the lawlessness but at the same time sharply increase both economic problems and the risk of unrest on the Pakistan-Afghan border.

There is also political uncertainty as the country edges towards elections due at the beginning of 1990 when Mr Mohammad Khan Junejo, the Prime Minister, hopes his Muslim League Party will be returned to power. Mr Junejo was installed three years ago, initially as a party-less Prime Minister, by General Zia ul-Haq, the former military ruler and now the President. In the wings Miss Benazir Bhutto (daughter of Mr Zulfikar Ali Bhutto, the former Prime Minister, whom Zia hanged in 1979) is trying to make a permanent mark on the country's politics, so far with little success.

General Zia has been the President for the past 10 years and remains chief of army staff. He has survived for far longer than at first seemed possible, partly because of generous economic and defence aid from the US, which hurried to support Pakistan as a vital buffer state when the Soviet Union occupied Afghanistan in 1979. He has developed impressive skills as a political strategist, side-lining his rivals and out-manoeuvring his opponents.

"Zia's is a benevolent regime. It shows teeth but doesn't use them," says a prominent industrialist. "But the result is a weak corrupt government. On paper the economy is over-regulated, but in practice you can get round everything and live at standards well above what the country can afford."

On the surface Pakistan appears to be a comfortably prosperous country, more easy going and less austere than India. The airports welcome and cushion the tired traveller, a sharp contrast with India's harassment. There are ice cream parlours, burger bars, modern Japanese cars, masses of sumptuous new houses and virtually none of India's beggars and poverty.

But there are also drugs and guns and kidnapping. Pakistan has successfully absorbed over 3m refugees from Afghanistan, helped by the US aid, but at the same time has become a conduit for arms and drugs which have helped to corrupt its society.

The country's official number of heroin addicts has gone from nil six years ago to 800,000 (about 3.4 per cent of the adult male population). The heroin comes from traffic which flows from Pakistan's own growers in the north west and from Afghanistan, recently supplying up to 80 per cent of the world market.

In the early 1980s Pakistan took a lofty view of its contribution to the West's addiction problems. Now that drugs have hit its own society, it is trying to curb the growing and trafficking. But this is difficult because of the involvement of some of the highest officials and politicians in the country.

It is not unusual in Karachi to hear of middle and upper class people who have carried heroin in their suitcases abroad. The current Karachi wholesale price is the equivalent of about Rs 30,000 (about £1,000) a kg compared with £20,000-£30,000 wholesale in London.

Guns are freely for sale, especially in Karachi's bazaars where as little as Rs 12,000 buys a Kalashnikov rifle, Rs 25,000 a rocket launcher, and less than Rs 40,000 a machine-gun. Officials say that up to half the arms from the US and elsewhere intended for the Afghan Mujahideen forces are siphoned off in Pakistan or are sold back into the country by the Mujahideen. They estimate the country's illegal stock of Kalashnikov rifles at 135,000.

Pakistan's problem is that it has not yet established political stability and an identity as an independent Muslim state lying between the major powers of the Soviet Union, China and India, and adjacent to the turbulent countries of Iran and Afghanistan. It is dominated by the moderate Sunni sect of Islam. The people have broadly tolerated some of the trappings of an Islamic state imposed in the early 1980s by President Zia to deflect attention from his military regime, but they shun the extreme fundamentalism of Islam's Shia sect who dominate Iran.

Unlike India, Pakistan had no established government machine to fall back on at the time of independence, and it lost its only credible national leader when its creator, Mr Mohammad Ali Jinnah, died in 1948. The army was seen from the start as an important national prop and top officers wielded increasing influence which culminated in Field Marshal Ayub Khan launching the first of a series of military regimes in 1958.

Stability was further hit by defeat in a 1965 war with India and by the hiving off of East Pakistan as the separate state of Bangladesh after a further war in 1971. This history, plus the search for international recognition, has led to defence expenditure accounting for nearly 30 per cent of the country's total budget (38 per cent of current expenditure) plus – it is widely believed, though strenuously denied by the government – the development of a nuclear bomb.

The country can scarcely afford such expenditure. Together defence and debt repayments total 70 per cent of the budget and the budgetary deficit in 1986-87 equalled 8.8 per cent of gross domestic product. Public spending is out of control and the infrastructure, including roads and railways, urgently needs repairs. The balance of payments position is weak, despite exports growing at 27 per cent in dollar terms, and the debt service ratio is edging towards 30 per cent.

Government officials estimate that non-declaration of lawful earnings adds 30 to 50 per cent to GDP. Illegal earnings add a further hefty sum. Mr Mabubul Haq, Planning Minister, guesses that government officials syphon off at least Rs 20bn and maybe Rs 40bn a year by under-billing, fiddling tax collection, and other forms of corruption.

"The country is approaching a situation when structural imbalances could constitute a serious obstacle to the conduct of economic policy", the State Bank said recently. "Strenuous efforts and a more far sighted approach are required to curb private and public consumption in order to strengthen the fiscal base".

An end to the Afghan conflict could put a question mark over US aid of $4.05bn due over the next six years. But a more serious problem is the falling demand for Pakistanis to work in the Middle East where as many as 3m people have been employed in the past eight years. Their remittances reached a peak of $3bn a year in 1984, equalling export earnings, but this figure has fallen to $2bn and is expected to drop further to $1bn by 1992. There will also be an employment problem because the Middle East used to absorb 30 per cent of newcomers to Pakistan's job market.

So far Pakistan has not laid a firm industrial base. Instead it has allowed in masses of imported consumer and capital goods which no politician nor senior official seems willing to consider stemming. The economy is growing at about six per cent a year, but this is heavily weighted by service industries and legal and illegal trading activities. There is good agricultural growth, but this stems more from the readily available but under-exploited waters of the giant River Indus than development of high yield crops.

Multi-national companies are broadly happy with their existing operations. "Our business has good growth prospects and a new 12,000 tonne polyster fibre plant is as good and modern a development as you could find anywhere," Mr Denys Henderson, chairman of ICI of the UK, said during a recent visit. But newcomers are rare, though Nestle is investing with the Packages Group of Lahore in a milk packaging venture.

President Zia has switched economic development away from the public to the private sector, but has not bred a new generation of potentially big entrepreneurs. Investment is mostly in one-off projects in industries like cement, textiles and sugar. Agriculture-based industries are to be a prime feature in a new five year plan to 1993.

There is also a lot of corruption on industrial financing and invoicing, involving as many as half the new projects according to some sources. Companies over-state their need for loans by as much as 250 per cent. They receive the loans but then sometimes fail both to complete the project or repay the money.

"We need austerity. There is no incentive for people to live within their means," says a senior industrialist. "But the government does not have the self-discipline or will to start an austerity drive. The problem is the government believes the evil day will never come, that they will be constantly protected and saved by lucky harvests, remittances, and foreign aid."

Lombard

Anglo-Irish confusions

By John Lloyd

THE ANGLO-IRISH Agreement continues to have a good press. The recent meeting under its aegis, led by Mr Tom King, the Northern Ireland Secretary, and Mr Brian Lenihan, the Irish Foreign Minister, was presented as a success merely for happening – after the rifts in the relationship between the two governments over the Stalker-Sampson "shoot to kill" report and the actual shots which killed three terrorists in Gibraltar.

The talks which Mr King held with the Social Democratic and Labour Party were similarly seen as resonant with hope, as Mr John Hume, the SDLP leader, gave doorstep interviews on the likelihood of a devolved government.

These are good grounds for support, but not enough to override the need to address the two huge difficulties which the agreement faces.

First, it is deeply unpopular. As evidence we have a large-scale poll conducted by Coopers and Lybrand for Fortnight magazine and Ulster TV (published on March 25). It showed a mere 4 per cent of Unionists thought the agreement had benefited them; more significantly, only 20 per cent of Catholics – that is, the group whose fears it was meant to address – thought it of benefit to them. Thus, while the agreement continues to enjoy strong backing in Whitehall and Westminster, it has the slenderest of popular bases.

The over-arching problem is the "status" of the province itself. Political life in Northern Ireland flows round the fault line of the border: the struggles to maintain or dissolve it subsume all left and right divisions. The 40 years of Unionist rule to the proroguing of the Stormont parliament in 1972 saw the Ulster Catholic minority suffer undoubted discrimination in housing, employment and even electoral representation. Since 1968 – and the demand for civil rights and the revival of an IRA campaign which has continued for the past two decades – nationalist politicians (both constitutional and unconstitutional) have successfully represented this discrimination as the product of irremediable Protestant/Unionist bigotry. They have even more successfully conflated civil rights with national rights.

The very existence of the Anglo-Irish Agreement, however, tacitly accepts this conflation. What explanation can there be for the granting to the Irish Government of the right to put forward views and proposals relating to Northern Ireland on "political matters, security and related matters, legal matters, including the administration of justice and the promotion of cross border co-operation," other than the belief that the Catholic community needed the protection of the Dublin government?

Two governments cannot both lay claim to, and govern, the same territory for long: and if, as Mr Hume says, the agreement is a "process", it must proceed somewhere. Mr Hume, who has had a number of private talks with Mr Gerry Adams, the Sinn Fein leader, will continue to argue that the process moves in the direction at least of federal, if not a united, Ireland. While the poll showed that only 18 per cent of the population favoured any closer links with Dublin (including a minority of Catholics – 47 per cent – of whom only 25 per cent wanted a united Ireland), Mr Hume's will continue to be a powerful voice.

For the Unionists, the agreement has at least clarified this: that if they wish to retain the union in face of the British Government's (at best) indifference about whether they do or not, then they will have to discriminate anew: discriminate, that is, between nationalist and citizens' demands: and having done so, ensure that the latter are equally available. That is very hard to do anywhere, and extraordinarily hard in Northern Ireland.

It is unlikely to be achieved while an agreement which fails to discriminate in this way continues to be actively pursued. But it is the only route by which they can hope to make the "narrow ground" of Ulster secure for the union they wish, and liveable in for themselves and their Catholic fellow citizens.

Letters to the Editor

A two tier interest rate

From Mr Martin Hancock.

Sir, A strong pound is bad for exports and for the balance of payments. Lower interest rates solve this problem, but stimulate consumer demand/credit and fuel fears of inflation.

Why cannot both these problems be solved by the introduction of a two-tier interest rate structure? Interest rates generally could be cut, but interest rates for individual consumers could effectively be maintained, or even increased, by imposing a tax on the interest paid. This could be at a flat rate (adjustable as circumstances require), which would be collected by the lender and accounted for to the Inland Revenue in the same way as tax deducted on interest paid.

Martin Hancock,
The Forge,
The Street,
Albury,
Guildford, Surrey

Seeing is believing

From Mr C.M. Purvis.

Sir, Your Ankara correspondent says (March 31) that Mrs Thatcher and the Turkish Prime Minister can find common ground in their free market economic philosophies.

Really? I'll believe that Turkey has a free market philosophy if Mrs Thatcher obtains a pledge from Mr Ozal that the lavish Turkish subsidies to investment, production and exports of manufactured goods will be cut off, and if the duties applied to shut off import competition – which can add up to a levy of over 70 per cent on UK textile exports – are reasonably reduced.

Such steps would also fulfil the commitments Turkey made to the European Community in the Ankara Agreement 18 years ago.

C.M. Purvis,
British Textile Confederation,
24 Buckingham Gate, SW1

'Not only unfair, but also unwise'

From Mr Chris Smith MP.

Sir, Of the points put to the Chancellor by the Labour front bench during the Budget debate, three deserved - and received - particular emphasis in light of the macro-economic effects of Mr Lawson's measures.

We warned that the current account of the balance of trade was likely to be pushed even further into deficit by the Chancellor's decision to fuel consumer spending rather than invest in infrastructure and public services. The latest trade figures - which relate to the period before the Budget was unveiled - have indicated that the trade position is worsening even before the effects of the Budget are felt. The Chancellor's measures are only likely to make matters worse.

Our second concern was the very low level of personal savings. The most recent figures – for 1987 – show that the savings ratio has hit a 28-year low. In a long downward trend they are the most worrying yet.

The third point is a related one: the unprecedented explosion in the level of outstanding consumer credit. The figures on new credit agreements for February (FT report, April 6) show a continuation of the remorseless growth in personal indebtedness that has characterised the last five years. The Chancellor's boast of negative public borrowing, partly as a consequence of once-off asset sales, strikes a rather hollow note when set in the context of the huge and growing personal sector debt.

There is no sign that the Budget will do anything to alleviate these problems. Especially on the balance of trade, it will intensify and aggravate the difficulties. The continuing struggle between Number 10 and Number 11 Downing Street on exchange rate policy will not help, either. This Budget will turn out not only to have been massively unfair, but also – in macro-economic terms – deeply unwise as well.

Chris Smith,
Opposition spokesman on Treasury and Economic Affairs,
House of Commons, SW1

EC funding must be on merit

From Mr Christopher Prout MEP.

Sir, In "Rush for High-Tech Research Funding" (March 21) you state that because of the very high level of submissions from British companies and universities for the European information technology programme ESPRIT II, a "significant number" are likely to be disappointed.

While the figures you quote are inaccurate (1800 expressions of interest have been received for ESPRIT II; submissions are expected to total 800, not 1,500), I am delighted that so many British companies and universities have applied. The rate of participation in European Commission (EC) research and development programmes has always been very high - 70 per cent of the projects in ESPRIT I. To ensure that this rate of participation continues, the EC must be able to select projects on technological merit alone, without political interference from the governments – now 12 – in the Council of Ministers.

Christopher Prout,
European Parliament,
2 Queen Anne's Gate, SW1

Bonuses can replace share option schemes

From Mr Peter Brown.

Sir, Since the Budget speech, two of our clients have pulled proposed share option schemes and are planning to replace them with cash rewarded performance bonus systems.

In our view they will be the first of many companies to take this action following the equalisation of income and capital gains taxes.

The principal reason for this change is the ability to target a cash reward scheme to the performance of an individual profit-responsible unit or division within a company, whereas option schemes inevitably offer a less controllable reward, because they are usually based on the performance of the parent company's shares.

Managements of the UK subsidiaries of overseas companies will be a significant beneficiary group. We service 500 clients with overseas parents, and almost none of them have set up a UK option scheme following the 1984 legislation. In consequence they have lost key players to UK groups with options as part of a "golden hello" package.

This will now change, so that private sector employers, who had difficulty in using option legislation, will be in a much stronger position to attract and retain wealth-creating management by offering targeted bonuses based on the performance of units that managers can personally influence.

The equalisation of capital and income taxes will further stimulate the enterprise economy and will, we think, be seen as Mr Lawson's principal monument to rebuilding a newly effective Britain.

Peter Brown,
The Reward Group,
Reward House,
1 Mill Street,
Stone, Staffordshire

Both believe that final salary schemes offer the best pensions

From Mr Keith Standring.

Sir, Both the Confederation of British Industry (CBI) and the Trades Union Congress (TUC) oppose personal pensions because both believe that final salary schemes offer by far the best form of pension provision for the bulk of employees.

They provide guaranteed benefits linked to length of service and salary. They are also cost effective. In contrast, personal pensions (Leader, April 6) are uncertain. What you get when you retire will depend on how much you can afford to contribute, how well it is invested, market performance, and the level of charges.

Mr Hitchings (Letters, March 24) seemed to suggest that personal pensions were better than final salary schemes because they are fairer for younger people. Early leavers could be better treated, but reform lies in the hands of the government, not the CBI or the TUC.

It seems unlikely that personal pensions sellers will be particularly interested in young people, who tend to be lower paid (except for the chosen few in the City). And will they be interested in part-time workers, women employees, and the low paid? True, company schemes have some way to go in adequately covering these sections of the workforce, but unions are pressing for improvements.

Nobody reading the small print of a section 226 contract (the nearest we had to a personal pension until now) could believe that personal pensions will be simpler than final salary schemes. Survey after survey has shown that companies believe that the benefits of an occupational scheme far outweigh the liabilities. Both unions and companies believe that employees will be better off staying in a company scheme.

That is why many companies are working hard to retain members. That is why companies and trade unions are working closely together. I should have thought that when the TUC and CBI agree about something it must be right. Pensions are too important to gamble with, and taking out a personal pension will be a gamble.

Keith Standring,
Association of Professional, Executive, Clerical & Computer Staff (APEX),
22 Worple Road, SW19

FINANCIAL TIMES

Thursday April 7 1988

Jackson's chances must now be heavily discounted but his campaign has raised key issues, writes **Stewart Fleming**

Jesse Jackson's star begins to wane

Lack of experience went against Jackson (left) as Wisconsin voters opted for Dukakis

KEITH BENNETT, a young black from Washington, died early on Sunday morning after he tried to protect a pregnant woman being beaten up by a gang of black youths outside a Washington night club. One of the gang put a gun to his head and shot him dead.

His murder was just another ghetto incident, an every day occurence in cities such as Washington, New York and Los Angeles. On the face of it, this incident was far removed from the glamorous world of the 1988 presidential election campaign.

However, the links between the violent, drug-infested world of the American underclass and the everyday life of the average American have become harder to ignore through the candidacy of the Rev Jesse Jackson, the black activist, who on Tuesday was beaten into second place in the Democratic Party's presidential primary in Wisconsin.

The fact that Mr Jackson is black is not the only reason why his phenomenal performance in this year's presidential election campaign is having such an impact, although it is surely part of it. No black leader since the Rev Martin Luther King, who was murdered in Memphis 20 years ago this week, has spoken so eloquently on behalf of black Americans.

Mr Jackson has done so, however, not merely by presenting himself as the spokesman of a racial minority, but as a political leader who understands the concerns of all working class Americans, regardless of colour. These are concerns which are increasingly overlapping as job insecurity, the inequities of the nation's health care system, the poor quality of so many of its schools and the inexorable spread of the drug culture impinge on the lives of working-class Americans who do not live in black ghettos.

Mr Jackson's success among white voters — on Tuesday he won an impressive 25 per cent of the white vote in Wisconsin — reflects in part this confluence of the concerns of white and black working-class Americans. It also denotes a stirring of a liberal conscience which has been in hibernation in the 1980s, and which, in the Democratic Party at least, has failed to respond to the more technocratic appeals of the likes of Governor Michael Dukakis and even, before his fall from grace, of Senator Gary Hart.

But does Mr Jackson's comprehensive defeat at the hands of Mr Dukakis on Tuesday night signal a rejection by Wisconsin's voters of the message as well as the messenger?

It is too early to be sure that Mr Dukakis' victory represents a turning point in the campaign. Mr Jackson will still be the main challenger to Mr Dukakis in the forthcoming primary elections in New York, Pennsylvania, Ohio, and California, where he will continue to pile up convention delegates, but the chances of his emerging as the party's presidential nominee, always slim, now must be heavily discounted.

Wisconsin offered, perhaps, his best opportunity to keep up the momentum following his surprising win in the Michigan caucuses last month. That momentum was already on his side, providing the sort of publicity money cannot buy.

The hard-core racism that is a feature of the politics of a state like neighbouring Illinois, where large populations of blacks and whites live cheek by jowl, and where Mr Jackson gathered minimal white support in last month's primary, is not a dominant strain in Wisconsin.

Nevertheless, the majority of Wisconsin's voters opted for the dull but proven competence of Mr Dukakis when faced with the decision of whether to vote for a man whose message many of the voters clearly liked but who lacks a record of political or managerial experience and whose views, particularly on foreign and defence policy, are on the far left of the American spectrum.

Barring new political earthquakes (Mr Jackson's best hope in New York's primary on April 19 now seems to be a strong showing by Senator Albert Gore which will split the white vote), many leaders of both the Democratic party and of America's black community will breathe a little easier now that Mr Jackson's prospects of wresting the Democratic nomination have apparently been dealt a body blow.

Mainstream Democrats feared that Mr Jackson's candidacy could have ended up splitting the fragile Democratic coalition racially as well as ideologically if he were to finish the primary season in a position powerful enough to demand the party's Presidential nomination. Some black leaders, while sharing these concerns, have others too. They believe Mr Jackson's successes were raising expectations in the black community which America is neither ready, nor able, to fulfil quickly.

However, as Mr Stephen Hess, a Senior Fellow at the Brookings Institution, a Washington think tank, points out, Mr Jackson will remain a player in the Democratic party nominating process even if his campaign has peaked.

"There are a lot of things which will and should be done because Jesse Jackson ran for President and ran so well," he says. The question is whether Mr Jackson is able to discipline his personal ambitions and use the power he is accumulating skillfully to fight for the issues which are important to him so that one day men like Keith Bennett are not slain for their compassion.

US PRESIDENTIAL ELECTION

Delegates committed to each candidate*

Republicans		Democrats	
Bush	888	Dukakis	735
Robertson	17	Jackson	706
Uncommitted	232	Gore	385
		Simon	107
		Uncommitted	516
Total required to win nomination	1,139		2,082

*Based on 93% of votes counted in Wisconsin

Source: Associated Press

Dukakis win slows the bandwagon

Continued from Page 1

Mr Jackson yesterday shrugged off his Wisconsin defeat, emphasising the breadth of his support. "Of the 40 contests that have been run now, I have come in number one or number two in 30 of them and I have a 250,000-plus popular vote lead ... so at this stage of the campaign I feel very good," he said.

The New York primary is bruising battle between Mr Dukakis, Mr Jackson and Senator Albert Gore of Tennessee, who kept his fading hopes alive on Tuesday by gaining 17 per cent of the vote.

There are reports that Mr Gore is planning an all-out assault on Mr Jackson.

A come-back by Mr Jackson in New York cannot be ruled out and there is speculation that much could depend on the role New York Governor Mr Mario Cuomo plays. An endo-resement for Mr Dukakis would be decisive. However, there is no sign that Governor Cuomo is about to do this.

In the Republican primary, Vice-President George Bush won all 47 of the state's delegates to the party's convention. This leaves him virtually unchallenged.

Kuwaitis likely to take control of Ebro

BY PETER BRUCE IN MADRID

THE KUWAIT Investment Office (KIO), the international investment arm of the Kuwaiti Government, appeared yesterday to have assured control of Ebro, Spain's biggest sugar producer, after reaching agreement with the company's board.

Ebro officials were unavailable for confirmation but it was understood the agreement with the Ebro board would involve the KIO buying a significantly larger number of shares in the company than it had bid for originally.

The offer had been for a further 24 per cent of Ebro shares to bring the KIO stake up to 51 per cent. Now the KIO, through its Torras Hostench paper subsidiary which formally made the bid, expects to take up to 60 per cent of the company, which at Pta30,000 a share would cost it about Pta31.8bn ($288m).

The three-week struggle for control of Ebro, which the KIO envisages as forming the hub of a new agri-food operation in Spain, was Spain's first-ever hostile takeover. Ebro had been claiming that the initial limited KIO offer worked against the interests of small shareholders and tried to have it stopped in the courts.

Yesterday's agreement is thought to have involved a personal approach by Mr Javier de la Rosa, KIO's chief representative in Spain, to Mr Francisco Javier Lozano Bergua, Ebro's chairman, in an effort to stop what had become a relatively bitter battle. The two men are understood to have met first on Monday.

KIO-Torras is believed to have agreed not to cut any jobs, and to expand Ebro's business outside Spain. Ebro's chairman is to remain in his job.

Yesterday's agreement represents another major breakthrough in Spain for the KIO, which is now the country's biggest single foreign investor. The personal approach to Mr Lozano by Mr De la Rosa on Monday is thought to have been prompted by fears of a long and bruising public battle.

The KIO brought another dispute to an end last month when one of its subsidiaries finally succeeded in winning ultimate control of Spain's biggest chemicals company, Union Explosivos Rio Tinto (ERT).

The KIO has also been notable for its purchases of shares in Britain where it has recently increased its shareholding in British Petroleum to more than 22 per cent.

Wall Street soars on hopes of G7 accord

By Janet Bush in New York

US FINANCIAL markets rallied strongly yesterday in response to unconfirmed speculation that the Group of Seven leading industrial nations which meets in Washington next week had agreed to put a floor under the dollar's rate against the yen.

On the New York Stock Exchange, the Dow Jones industrial average recorded its largest daily movement since the 140.58 point drop on January 8. The Dow gained 64.16 points in heavy trading to close at 2,061.67, within striking distance of the post-October crash high of 2,087.37 on March 18.

The US government bond market also rallied in response to strength in the dollar yesterday, reversing some of the substantial losses sustained in recent days on concern that the US Federal Reserve has tightened monetary policy.

In late trading, the Treasury's benchmark 30-year bond was quoted ¾ point higher to yield 8.76 per cent.

The NYSE's self-imposed limits on stock index arbitrage through its Superdot electronic order system went into effect for the first time. The NYSE announced on February 4 that it would suspend the system for stock index arbitrage - in which traders make profits from exploiting price differences between stock futures contracts and their underlying stocks - if the Dow were to rise or fall by 50 points or more.

Since the limits were imposed, the Dow has recorded gains or losses of nearly 50 points but never actually reached the cut-off point until yesterday.

Equities also rallied strongly after a report by Nikkei Telecom, a Japanese news agency, quoted sources at the Japanese Finance Ministry and the Bank of Japan as saying that the G7 was likely to reaffirm a lower limit of the dollar to the yen at around Y125.0

The report was not confirmed by senior G7 monetary officials although rumours of denials brought the dollar off its highs for the day.

At the close of New York trading, the dollar stood at Y126.05 and at DM1.6785.

Earlier, in London, the Bank of England took the steam out of sterling's rise with intervention in the foreign exchange markets as the pound threatened to breach the DM3.14 level at the start of the day.

The currency closed at DM3.1350 comparad with DM3.1375 on Tuesday and at $1.8760 ($1.8800).

IG Metall chief predicts pan-Europe deals

BY JOHN LLOYD IN BIRMINGHAM

TRANS-NATIONAL unions, with executives drawn from member countries of the European Community, could emerge by the end of the century, the leader of Western Europe's biggest trade union said yesterday.

Mr Franz Steinkühler, president of the 2m-strong West German engineering union, IG Metall, said that the Community's internal market reforms would strengthen employers and called for a response from the unions.

Mr Steinkühler said that he expected to see single-union deals develop on a pan-European basis.

He said this development would apply to the UK as well as other member countries, although he recognised the difficulties caused by tradition and a history of fragmented unionism.

Mr Steinkühler was speaking as guest of the Amalgamated Engineering Union in Birmingham, where he opened their national skills centre. His visit is being used by the British union to help give legitimacy to single-union agreements and underscore the virtues of enlightened management-union co-operation.

However, in an interview to be broadcast this evening on British television, the West German union leader may disappoint his hosts by taking a firm line against attracting multi-national investment - like that of the disputed Ford plant in Dundee - by competition which involves the lowering of wages and conditions.

Mr Steinkühler's remarks, however, implicitly assumed an authoritative and centralised trade union federation like that of the West German Deutscher Gewerkschaftsbund - in contrast to the much weaker British counterpart, the Trades Union Congress.

He described two companies which had demanded Sunday working as a price for investment in West Germany. They were told that the unions would have none of it.

He said this stance had lost some investment, but that other corporations had been attracted to the Federal Republic by its stable industrial relations.

He stressed the value of single, or industrial, unionism to workers, saying it avoided demarcation disputes.

TUC split averted, Page 9; Observer, Page 20

Airline hijackers' deadline expires without incident

Continued from Page 1

For his part Ayatollah Khomeini has made it clear that he regards Sayyid Mohammed Baqr al Hakim, the titular leader of the Daawa, as the future spiritual guide of a future Islamic Republic of Iraq.

Like other militant Shi'ite organisations the Daawa, though primarily Iraqi in membership and objectives, is transnational in character and pays little regard to the sanctity of existing boundaries especially those of Kuwait which it would probably foresee being absorbed into a unified state.

It has a branch in Lebanon which co-exists and collaborates with the extremist elements loosely affiliated under the shadowy and diffuse banner of "Islamic Jihad".

There was little doubt that the hijacking of a Kuwaiti Airways Airbus on a flight from Kuwait to Karachi to Tehran in December 1984 was the work of the Daawa. The demand of the four gunmen then was for the release of the 17 prisoners, three of whom were given death sentences which have not been commuted but are unlikely to be carried out.

Their fate has been a common cause and a high priority of militant Shi'ite terrorism. Their liberty was one of the prime demands of the three hijackers of the TWA Boeing 727 forcibly diverted to Beirut in June 1985 while on a flight from Athens to Rome

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	16	61	Dubrovnik	S	21	70	Malta	S	20	68	Rhodes	C	21	70
Algiers	F	17	63	Edinburgh	S	14	57	Manchester	C	8	46	Rio de Jo	C	33	91
Amsterdam	S	11	52	Faro	C	16	61	Manila	F	36	97	Rome	S	17	63
Athens	F	19	66	Florence	S	20	68	Melbourne	C	19	66	Salzburg	F	18	64
Bahrain	C	23	73	Frankfurt	S	15	59	Mexico City	F	28	82	San Francisco	F	11	52
Bangkok	F	35	95	Funchal	C	16	61	Miami	S	21	70	Seoul	F	14	57
Barcelona	F	15	59	Geneva	C	6	43	Milan	R	12	54	Singapore	T	27	81
Beirut	F	19	66	Gibraltar	F	17	63	Montreal	C	4	39	Stockholm	C	11	52
Belfast	C	11	52	Glasgow	F	17	63	Moscow	F	10	50	Strasbourg	C	14	57
Belgrade	S	18	64	Guernsey	C	7	45	Munich	S	16	61	Sydney	F	25	77
Berlin	S	12	54	Helsinki	S	7	45	Nairobi	F	23	73	Taipei	C	21	70
Biarritz	C	12	54	H Kong	C	22	72	Naples	F	16	61	Tangier	-	-	-
Bombay	-	-	-	Innsbruck	S	17	63	Nassau	C	29	84	Tel Aviv	S	24	75
Bordeaux	C	11	52	Inverness	C	12	54	New Delhi	S	30	86	Tenerife	-	-	-
Brussels	S	13	55	Islamabad	F	31	88	New York	F	10	50	Tokyo	F	19	66
Budapest	S	17	63	Istanbul	S	13	55	Nice	C	14	57	Toronto	F	8	46
B Aires	F	21	70	Jakarta	F	33	91	Nicosia	C	25	77	Tunis	S	20	68
Cairo	F	28	82	Jersey	C	8	46	Oporto	F	15	59	Valencia	F	15	59
Cape Town	C	20	68	Jo'burg	F	21	70	Oslo	C	4	39	Venice	F	14	57
Cordoba	C	27	81	Lima	F	25	77	Paris	F	13	55	Vienna	S	16	61
Casablanca	C	16	61	Lisbon	F	15	59	Peking	S	13	55	Warsaw	F	14	57
Chicago	R	8	46	London	C	10	50	Prague	S	16	61	Washington	C	13	55
Cologne	F	16	61	Los Angeles	F	14	57	Reykjavik	C	2	36	Zurich	C	9	48
Copenhagen	C	4	39	Luxembourg	S	12	54								
Corfu	F	22	72	Madrid	F	13	55								
Dallas	-	-	-	Majorca	R	11	52								
Dublin	C	9	48	Malaga	F	18	64								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Share schemes challenged

Continued from Page 1

to the 1992 target date for a free internal market.

Only last week, Lord Cockfield again wrote to Mr Balladur for clarification of his decision to delay the purchase of Les Echos, the French financial daily newspaper by Pearson, the British publishing group which owns the Financial Times. He has also asked the UK Government to justify its decision to restrict to 15 per cent non-UK investors' stakes in Rolls-Royce, the aero-engine maker.

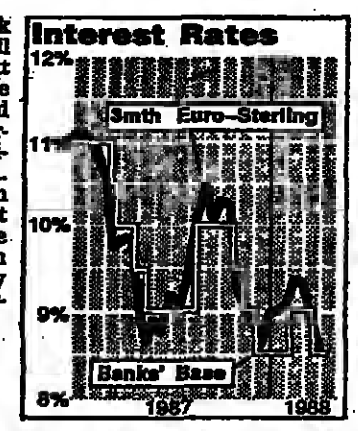
All three instances are covered by existing EC rules, but the Commission is working on a general directive covering the whole conduct of new issues, takeovers and mergers.

If the French authorities fail to satisfy the Commission that they are not discriminating unfairly against foreign investors, Brussels can issue a so-called "reasoned opinion," laying down what has to be done to bring French law into line with EC rules. It could not start this procedure in the Saint-Gobain case until after the free bonus shares have been handed out.

THE LEX COLUMN

Here comes the Sun

If the latest rumour in New York — that a floor for the dollar will be set at the G7 meeting next week — has any substance, the Bank of England may be saved from the degree of fruitless intervention shown in yesterday's official reserve figures for March. The idea, however remote, of an end to the dollar's decline set Wall Street alight after Europe had closed, and may give London another stab today at the rally which it failed to sustain yesterday.



Sun Alliance

For a few days last October, Sun Alliance must have thought it was living in the worst of all possible worlds. For a property insurance company with heavy exposure to equities, it is difficult to imagine a more awful scenario than the twin climatic and financial disasters of October 1987 — yet the share price did no worse than perform in line with the market. And although January's freeze, March's floods and October's winds cost the company almost £200m — more than any of its competitors — profits fell less than £10m from 1986.

Of course, all this only looks good if you can avoid thinking about how much money Sun Alliance would have made without divine intervention. Already, last year's losses are looking to be this year's gains, with the company using the hurricane as an excuse to jack up householder rates. With the UK market likely to remain strong across the board, and less in the way of troubled overseas exposure than its competitors, even tha least generous of forecasters thinks Sun Alliance will nearly double profits this year. The rest of the sector will probably manage a 35 per cent rise — but the rest of the sector does not have so much ground to make up from 1987. Next year is a different story: the UK market could begin to fade, with profits falling accordingly. But barring external interference, Sun Alliance should suffer less than most.

Kleinwort Benson

Judging by the minimal move in Kleinwort Benson's share price yesterday, there were no great surprises in the near one fifth drop in 1987 pre-tax profits to £64.3m. But then this is not very surprising since Britain's second largest merchant banking group has gone back to its bad old ways of giving the minimum of information now that it no longer has any immediate need to tap its shareholders for extra cash.

Whereas last year it was possible to tell how much the group had made, or lost, in areas such as bullion broking and US Government securities trading, this information is no longer felt relevant. And whereas the group disclosed a first half loss of £7.5m in its securities business, it cannot now quantify the impact of last October's stock market crash. It apparently escaped the worst effects of the crash but whether this was through good judgment or because it had so much of its capital tied up sorting out its settlement backlog, rather than invested in equity market-making, remains a moot point.

With £250m of extra capital, a naw management team and plenty of scope for loss elimination, Kleinwort Benson will once again try and top the £100m pre-tax level this year. With its shares standing at a significant discount to book value, any delay in its recovery could encourage the predators.

Mortgage market

The new boys in the UK mortgage market may regard the £1.5bn raised through mortgage-backed securities as a good start, but the building societies seem unimpressed. This year-old market is still tiny compared to the £30bn of mortgage lending last year, and according to yesterday's paper from the Building Societies Association, it is not likely to grow much either.

At the moment, there is little reason for the building societies or the banks to use the new market, as they can raise wholesale money much more cheaply. And as they still control the majority of outstanding mortgages, their support seems a pre-requisite for the market to take off. The crash and the current level of interest rates also weigh heavily against the new securities. Since October, building societies have been awash with cheap retail money, and have been able to support a mortgage rate a mere percentage point above Libor. Failing another cut in base rates, mortgage rates may not be high enough to cover interest payments on the new notes after the sky high issuing costs have been paid.

But whatever the problems of mortgage-backed securities, the general principle has been proved. There is no reason why the company that services mortgages should be best at finding the customers or raising the money, so in one shape or another the new boys seem here to stay.

Guthrie Corporation

After seven years nestled safely in the bosom of the Malaysians, Guthrie Corporation has been thrown into play once again. Judging by the rise of more than a fifth in its share price over the last couple of days, the battle for control could be just as furious as before. The Malaysians want out because they are showing a very handsome profit on their investment, the original rationale has disappeared and the recent gyrations in the world's stock markets have highlighted the need for a more diversified and liquid international portfolio. This all makes sound commercial sense but it does raise the question of whether the Malaysians will part company with Guthrie gracefully, or just put it on the block to await the highest bidder.

The group deserves its independence. Its pre-tax profits have jumped from £1.2m in 1982 to £22.6m last year; this year it should make over £26m, putting its shares on an undemanding 10 times earnings. The obvious solution would be for the Malaysian stake to be placed in the market, but this would almost certainly have to be done at a discount, and a management buy-out might not deliver the top dollar. However, the Malaysians might finally repair their reputation in the City of London if they secured an independent future for one of their better overseas investments.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday April 7 1988

British insurers reap huge profits increase despite storm claims

BY NICK BUNKER IN LONDON

BRITAIN'S five biggest composite insurance companies achieved close to £1bn ($1.88bn) in pre-tax profits in 1987, making it their best year since the late 1970s despite gross claims of £416m arising from the storm in October.

The industry's health was firmly underlined yesterday when Sun Alliance, Britain's biggest household insurer, reported 1987 pre-tax profits of £171.5m, down only 5 per cent on the previous year even after allowing for storm damage claims of £128m.

Sun Alliance none the less followed Guardian Royal Exchange, another leading composite insurer, by indicating that it would probably implement a 10 per cent increase in household premium rates in the UK later this year.

"Rates must inevitably be increased to take account of the pattern of weather experienced in recent years," it said.

In addition to storm claims, the group paid £71m arising from bad weather in the first three months of 1987.

Sun Alliance's figures rounded off the sector's reporting season amid analysts' forecasts of a further leap forward in 1988.

Mr Chris Pountain of Wood Mackenzie, the stockbroker, estimated that between them the five quoted composites could make £1.58bn in pre-tax profits in 1988, up 55 per cent on last year's figure of £984m.

Among the most important factors contributing to the companies' financial health have been a powerful upswing since 1984 in premium rates for commercial insurance in the US, plus several years of increases in commercial property and liability and private motor rates in the UK.

The results reported by the composites contrast strongly with the expected performance of underwriters at Lloyd's of London.

Lloyd's syndicates will report their 1987 figures in 1990, but they are likely to have suffered from fierce price competition in the marine and aviation insurance markets.

*Mr Pountain said Royal Insur*ance could expect to advance from a pre-tax £274m in 1987 to £430m this year while Sun Alliance might achieve £350m.

General Accident, which made £204m last year could make £300m in 1988, while Commercial Union might achieve £225m after £170m in 1987. Guardian Royal Exchange would possibly make £230m in 1988, up from £165m last year, he said.

Eastern halts shuttle sale

BY OUR FINANCIAL STAFF

TEXAS AIR'S Eastern Air Lines subsidiary has halted steps to sell its north-eastern shuttle to another unit of Texas Air in response to a Federal judge's order.

Judge John H. Pratt in Washington had threatened Eastern with fines of $10,000 a day if it did not withdraw its plan to sell the profitable shuttle unit for $225m. "We have followed his order," Eastern said yesterday.

The climbdown by Texas Air, headed by the feisty Mr Frank Lorenzo, is a boost for the airline holding company's unions, which have said the proposed shuttle sale is an effort to strip Eastern of its most profitable operations in order to make it easier to force concessions.

The judge had found Eastern in contempt of an order he issued barring the airline from selling assets without negotiating with its unions. "We are no longer in contempt," Eastern said.

UK-BASED ADVERTISING GROUPS ACT TO REASSERT MADISON AVENUE POSITIONS

Saatchi 'saddened' by RJR move

BY RODERICK ORAM IN NEW YORK

SAATCHI AND SAATCHI and WPP Group, two UK-based international advertising agencies, moved swiftly yesterday to quell speculation about the depth of their troubles on Madison Avenue.

Saatchi said it was "saddened" by the loss of one of its largest US accounts – that of RJR Nabisco, the large US tobacco and foods group – because of an anti-smoking commercial it had made for Northwest Airlines.

But the damage was limited because the account represented only a small percentage of the group's total business.

WPP, meanwhile, maintained that an injunction it had won against former employees of its Lord, Geller, Federico and Einstein agency was a blanket ban for 12 months on their acceptance of business from WPP clients.

The ex-employees believe, however, that the bar applies only to two of them, giving their newly formed Lord Einstein O'Neill and Partners agency a relatively free hand.

Yesterday Saatchi's American depositary receipts fell $\$\frac{1}{2}$ to $\$22\frac{1}{4}$ in New York. In London its shares fell 13p to 397p. WPP's shares rose 1p to 518p.

Saatchi's troubles began when RJR Nabisco, the fourth largest US advertiser – spending more than $1bn a year – cancelled its business with the agency after seeing the Northwest advertisement.

Saatchi handled biscuits and sweets campaigns for RJR, which generated some $80m in billings last year. The relationship dated back 18 years. Other agencies handle Nabisco cigarette and tobacco products.

"We are saddened. They were a wonderful client," said Mr Peter McSpadden, president of Saatchi and Saatchi DFS, the group's main North American operating company. The account represented 7 per cent of the group's US advertising billings and 1.5 per cent of worldwide billings.

Although the agency "is pretty slim and lean," it might have to trim staff because of the move. Another client, Lorillard, a cigarette and tobacco unit of Loews, "didn't like the advertisement" but has no plans to switch agencies.

RJR Nabisco's reaction was called emotional and irrational by many in the advertising industry. It raised issues about a client's attempt to control an agency's work for others.

Some on Madison Avenue were wondering if RJR Nabisco's was also miffed because it felt it had not been getting as solicitous aservice as previously from Saatchi now the agency had grown so big.

WPP, meanwhile, said the injunctions - granted on Tuesday - against former employees of Lord Geller were based on clear evidence that the defectors had breached their fiduciary responsibilities and employment contracts.

The issue will go to trial, with WPP seeking damages.

Lord Einstein O'Neill and Partners expressed satisfaction with the injunction. It allowed the new agency to use the Lord and Einstein names and to pursue other business. The agency had feared the court might have tried temporarily to shut it down.

In search of Canadian synergies

David Owen talks to Mr Hugh Fletcher, chief executive of Fletcher Challenge, New Zealand's biggest company

FLETCHER CHALLENGE, New Zealand's largest company, is examining ways to cash in on potential synergies in the operations of the two large Canadian forest products companies which it controls.

However, it is in no hurry to effect a formal merger by buying out minority shareholders in 69 per cent-owned British Columbia Forest Products, according to Mr Hugh Fletcher, chief executive. "Frankly, we have greater priorities for our scarce equity capital," he says.

Together, BCFP and wholly-owned Crown Forest Industries account for some C$2bn (US$1.61bn) or about 40 per cent of Fletcher Challenge's total assets. A combined concern would rank second to MacMillan Bloedel in the firmament of Canadian forestry companies.

Among the actions being considered to make better use of the two companies' combined resources are integrating carting operations and the better matching of logs sent to existing sawmill configurations.

"Crown's medium-sized cedar logs are going to BCFP's mill, while the bigger BCFP logs are going to the Crown mill," Mr Fletcher says. "Crown doesn't use cedar chips, so it can send the chips from its cedar sawmill to BCFP," he adds.

Under Fletcher Challenge's influence, both companies are becoming more market-driven, with increased emphasis being placed on tailoring products to customers' needs (particularly in the fast-evolving newsprint sector) and on extracting the maximum value from raw materials.

As one consequence of this, much of the wood that was once routinely directed to the structural frame lumber market – "very much a commodity market" in Mr Fletcher's view – is being re-oriented to different and more lucrative end-uses.

Mr Fletcher expects 1988 to be another good year for the Canadian forest products sector "barring the Canadian dollar going through the roof or the industry going out on strike."

Labour negotiations with all three major British Columbia forest products unions begin in April ahead of the expiry of contracts in June. When contracts were last up for renegotiation in 1986, the International Woodworkers of America-Canada staged a damaging four-month strike.

In the longer run, Mr Fletcher expects the high proportion of Fletcher Challenge's revenues and earnings currently derived from New Zealand and Canada to fall. Operations in the US and Australia are projected to become correspondingly more important.

In sectoral terms, growth in paper, building materials and construction is on the cards. Significantly greater involvement in forests or lumber is not foreseen.

The company is, however, eyeing expansion in the Latin American forest products industry. It currently owns a small newsprint facility in Chile which it is upgrading.

It is also looking at expansion opportunities in the worldwide fishing industry. Europe, Chile and Canada are among areas being examined.

Bardon expands in US with $98m offer for aggregates group

BY PHILIP COGGAN IN LONDON

BARDON GROUP is the latest in a series of British companies to bid for US aggregates groups, with a $98m agreed offer for the Boston-based Guyott.

Guyott is a family-owned company which operates three quarries and nine bituminous manufacturing plants in New England and also leases marine terminal facilities.

Pre-tax profits have grown from $561,000 in 1982 to $16.6m last year but because of difficult trading conditions in the liquid asphalt market. Guyott's pre-tax profits for the year to March 31 are expected to have fallen.

The deal will effectively double the size of Bardon, which is currently treded on the over-the-counter market in the UK but plans to seek a full London listing later this year. Bardon's main business is quarrying but UK aggregates reserves are very tightly held and environmental considerations limit the uumber of new quarries that can be excavated.

As e result, e number of UK building materials companies, including Redland and Blue Circle, have acquired US aggregates groups.

Guyott has about 63m tons of mineral reserves which Bardon estimates will last for up to 40 years at current usage rates.

Bardon is financing the offer with the issue of £20m ($37.6m) of convertible redeemable preference shares, via e placing of ordinary shares and a syndicated bank facility.

Koppers 'unable to judge' Beazer bid

BY OUR NEW YORK STAFF

KOPPERS, the US building materials company, said yesterday it was unable yet to recommend or reject the $60 a share, $1.69bn, takeover offer from Beazer, the UK construction group.

The announcement came amid further signs that Koppers is finding it hard to prepare an alternative transaction to use in its defence. Beazer, meanwhile, seems certain to extend its tender offer, probably by a week to ten days, when it expires today.

The Pittsburgh company said that legal complexities surrounding the bid and its efforts to prepare an alternative made it impossible et present for its financial advisers to judge the adequacy of Beazer's bid. Koppers' board is not ready yet to unveil its own proposals, the company has told a Pittsburgh court.

Yesterday, in a filing with the US Securities & Exchange Commission, Koppers said it expects to hold talks with one or more parties on e sale of Koppers, in addition to consideration of other alternatives to the bid.

But it added that it was not currently in talks on a sale. Meanwhile, a senior Koppers executive has told the court that the company had not thoroughly studied such actions.

Koppers has gained further help from the courts, however. Judge Maurice [illegible] of the US District Court in Pittsburgh, said he would have to order a temporary halt to the takeover if a California court's injunction was overturned.

He said the issues raised by Koppers on the legality of the bid were too complex to be considered quickly.

Procordia AB

has sold its wholly owned subsidiary

Berol Kemi AB

to

Nobel Industries Sweden AB

The undersigned acted as financial advisors to Procordia AB in this transaction.

MORGAN STANLEY INTERNATIONAL

PKBANKEN

March 25, 1988

Brierley seeks 20% of Rothmans

BY BRUCE JACQUES IN SYDNEY

SIR RON BRIERLEY'S Industrial Equity (IEL) yesterday launched an innovative tender scheme aimed at lifting its stake in Rothmans Holdings, the UK-controlled Australian cigarette group, from 12 per cent to a more strategic 20 per cent.

The move represents Sir Ron's third big buying sortie in as many weeks. No sooner had his group announced losses approaching A$2.6bn (US$1.9bn) from the stock market crash than it launched an A$924m bid – in partnership with Mr Kerry Packer – for Mr Robert Holmes à Court's Bell Resources.

This was quickly followed by a US$1.2bn bid for CalMat, a California building materials group. On the other side of the ledger, IEL has also announced asset sales worth about A$1.2bn in recent weeks.

The latest move is smaller but more unusual. IEL's "invitation" to Rothmans Holdings shareholders is aimed at acquiring a further 6.5m of the company's shares, worth just over A$50m at the closing market price of A$7.80 a share.

Rather than buying shares on the market, IEL has opted to invite Rothmans' 2,800 shareholders to tender their shares to IEL. They have been asked to nominate both the quantity they wish to sell and the price.

IEL's only stated limitation is that it cannot go beyond 6.5m shares, otherwise it would breach the 20 per cent threshhold beyond which a full bid would have to be launched at the highest price paid.

Mr Rodney Price, IEL chief executive, said yesterday the invitation represented the first use of this type of tender technique in Australia. IEL was Rothmans' largest shareholder after the 50 per cent owned by Rothmans International of the UK, and he did not expect the parent to tender any of its shares.

But IEL may be looking to prompt the British company into making a mop-up offer for the Australian group.

"We've had discussions with Rothmans in Australia about the prospect of effective joint venture management of the company between us and the parent," Mr Price said yesterday. "But the reception was less than warm.

"Should we take our interest in Rothmans to 20 per cent through this invitation we would be looking for board representation. We're not entirely happy with some of Rothmans' recent moves, especially its purchase of the Allens group." Allens, a confectionery maker, was bought three years ago for A$64m.

Mr Price said IEL was using the "invitation to tender" method because Rothmans shares are tightly held and it would be difficult to buy 6.5m of the company's shares on the market.

"We believe the market climate is right for this type of bid which effectively lets shareholders know there is a market for their scrip when they may have been thinking things were a bit depressed. It's also difficult for Rothmans to criticise us because we're letting shareholders name their own price.

"It's really a classic IEL play, but the method is a little different. We're looking to go to 20 per cent and then see what develops."

Gordon Cramb adds: Mr David Montagu, chairman-elect of Rothmans International, said in London yesterday: "We are extremely happy 50 per cent shareholders. We would not under any circumstances be a seller of our shares to Sir Ron or anyone else."

He added that the British parent had held no discussions with IEL prior to yesterday's approach, which he described as unwelcome.

For its latest six months to December, Rothmans Holdings reported pre-tax profits up 20.1 per cent to A$88.56m.

PAL wins grant to study state sell-off

By Richard Gourlay in Manila

A FURTHER step towards the possible sale of the state-operated Philippine Airlines (PAL) has come with the approval by the Asian Development Bank of a small technical assistance grant to study the pros and cons of privatising the national flag carrier.

The first phase of the $350,000 project, which should take three months, will present the options open to the Manila Government for its wholly-owned airline. If privatisation proves feasible and the Government decides it wants to divest, a second phase will lay out a timetable and plan for the sale of part of or all of PAL, the ADB said.

President Corazon Aquino has repeatedly backed privatisation of state-held companies in principle, saying that government business is not in business. However, there has been considerable resistance in practice to selling off assets – like PAL, parts of Philippine National Oil Corporation and the prestigious Manila Hotel, to name a few – from groups claiming to protect the national interest.

Philippine Airlines recently moved back into profit, but still enjoys government benefits, such as exemption from certain fuel taxes and preferential rate loans, which question its viability.

Furthermore, it runs an extensive domestic service heavily subsidised by the successful international operation, but which the Government would probably not allow to be hived off as it performs a crucial social function.

A government task force, made up of representatives from seven government departments including the Defence Ministry, will oversee the technical assistance study, the ADB said.

Qintex in A$126m Holmes à Court deal

BY OUR SYDNEY CORRESPONDENT

MR CHRISTOPHER SKASE'S Qintex group has established itself as Australia's biggest television network operator with the A$126m (US$93.8m) purchase of two stations from Mr Robert Holmes à Court's Bell Group.

Mr Skase yesterday confirmed weeks of speculation by agreeing the purchase from Bell of TVW Enterprises, which controls stations TVW7 in Perth and SAS7 in Adelaide.

Mr Holmes à Court was forced to sell by federal government rules on media cross-ownership, but the deal leaves Mr Skase in similar breach of the ownership requirements. It means that his Australian network will be the only group to operate television stations in five state capitals – Brisbane, Sydney, Melbourne, Adelaide and Perth.

More importantly, Mr Skase estimates that the network will cover 75 per cent of Australia's population, rising to 95 per cent by 1990 when regional markets are "aggregated" under federal rules.

But under the technical definition of audience reach, the Qintex group would control just under 67 per cent of the national market, exceeding the 60 per cent limit. Mr Skase said yesterday he would seek discussions with both the Federal Government and the Opposition on raising the limit to 75 per cent.

Given the political controversy which has surrounded recent changes in Australian media ownership, the issue has every chance of re-igniting a public furore.

Mr Skase said the TVW purchase completed the primary assembly of his television network which also includes nine regional stations. The purchases would provide material economies in the development of new programming.

The deal has somewhat complex terms and options. The purchase is actually being made by Mr Skase himself with some Qintex executives. Bell Group will hold an option to re-acquire up to 15 per cent of TVW Enterprises at the acquisition price plus an annual increment.

Mr Skase estimated that the acquisition costs equalled about 15 times maintainable earnings before benefits arising from assimilation with his existing network. The purchase means Mr Skase has assembled Australia's broadest network at a total cost of a little more than A$800m.

He bought the three-station Seven Network from the ailing John Fairfax publishing group last year in a complex deal variously estimated to be worth between A$600m and A$700m.

On the broad figures, the Skase purchase tags appear to compare favourably with a price of A$1bn paid by Mr Alan Bond for Mr Kerry Packer's two-station Nine Network and about A$800m paid by the Westfield Holdings-Northern Star axis for Mr Rupert Murdoch's two-station Ten Network.

Recovery at Sumitomo Rubber

BY CARLA RAPOPORT IN TOKYO

SUMITOMO RUBBER Industries of Japan has recorded a strong recovery in profits for last year thanks largely to increased profits arising from its Dunlop Tire subsidiary in the US.

Pre-tax profits for the year were up 76 per cent to Y9bn ($71.9m) on sales up 31 per cent to Y292.4bn. The company also said the good performance could be traced to stronger sales of sporting goods and lower raw materials costs.

Sumitomo Rubber, the third largest tyre maker in Japan, bought the European Dunlop operations in the early 1980s and subsequently bought the US Dunlop group in a further effort to internationalise its operations. The success of these subsidiaries have since more than offset Sumitomo's foreign exchange losses on exports in the wake of the appreciation of the yen.

For the current year, Sumitomo predicts a further improvement with sales up to Y410bn and pre-tax profits at Y12bn. The company is seeking to expand its non-rubber operations, centring on sports equipment and industrial and construction materials.

Pick n' Pay holds margin steady despite competition

BY JIM JONES IN JOHANNESBURG

PICK 'N PAY, one of South Africa's three largest supermarket chains, lifted sales to a record level in the year to February and maintained the overall trading margin despite continued competition for market share.

The year's turnover was R3.04bn ($1.43bn) against R2.49bn in the previous 12 months, the trading profit before tax and investment income was R85.3m against R69.9m and the pre-tax profit rose to R91.2m from R75.7m.

In the past year purchases of consumer durables and semi-durables, which carry higher margins than food and non-durable items, have steadily increased. The South African Reserve Bank reports spending on durables ahead by 14.5 per cent in real terms in 1987 after a drop of 12 per cent in 1986.

This shift in buying emphasis has helped all the main retail chains sustain margins while fighting a price war for food market share.

Recently Pick 'n Pay sold its interest in an Australian hypermarket, citing pressures from anti-apartheid groups.

Net earnings rose to 67.1 cents a share from 55.1 cents and the dividend has been lifted to 32.88 cents from 27 cents.

Malaysian group shows sharp upturn

By Wong Sulong in Kuala Lumpur

INNOVEST, a Malaysian investment group, quintupled taxable earnings last year and is resuming dividend payments for the first time since 1979.

Pre-tax profits were 19.5m ringgit (US$7.6m) compared with 3.8m ringgit. Profit after tax and extraordinary items was 4.4m ringgit compared with a loss of 7m ringgit. Turnover was 44 per cent higher at 311m ringgit.

Innovest, which has interests in engineering, manufacturing and fast food, said the turnround was due in part to its Kentucky Fried Chicken franchise.

Commission claims DnC flouted rules over trading

By Karen Fossli in Oslo

DNC, NORWAY'S largest bank which plunged into heavy losses last year as a result of the stock market crash, was accused yesterday of deliberately flouting the rules on share trading.

The accusation comes in a strongly worded letter from Norway's Banking, Securities and Insurance Commission which has completed its investigation into the reasons behind the bank's NKr1.47bn ($235m) trading loss in 1987.

The losses, which stunned the Oslo financial community and led to the resignation of the entire DnC board, included a NKr962m deficit on portfolio trading.

The commission says that although the former chief executive was fully aware of the high level of trading activity conducted by the bank's securities division, the board dismissed early warnings that the bank was over-exposed to the risk related to trading at such high levels.

A considerable part of the bank's losses in share trading activities in 1987 would have been avoided if the bank had conformed to limits for share trading as stipulated by Norwegian law and the bank's own policy, the commission says.

From April 1987, DnC's share portfolio was high – considerably higher at times – than permitted by law, and it increased at an accelerated pace until October. The bank's foreign share portfolio reached NKr500m, compared with its own self-imposed limit of NKr150m.

The commission says: "The bank would have avoided a substantial part of its share losses if it had adhered to the legally and administratively established framework."

A DnC official said yesterday: "We have taken note of the inspectorate's comments."

Alusuisse reveals spending plan after return to profit

BY WILLIAM DULLFORCE IN GENEVA

ALUSUISSE, THE Swiss aluminium and chemicals group which suffered net losses totalling SFr1.4bn ($1bn) in 1985 and 1986, will undertake the biggest investment programme in its history over the next few years following extensive restructuring and a return to profit in 1987.

Mr Hermann Haerri, vice-president in charge of finance, said yesterday the group expected to spend SFr500m a year, financed mainly from cash-flow and reserves.

According to Mr Hans Jucker, chief executive, investments of more than SFr1bn in plant for new products, particularly packaging, and the modernising of existing equipment were already under way or planned.

Investments will be concentrated in West Germany, Britain, the US and Switzerland.

Alusuisse's balance sheet has been transformed by last year's improved cash-flow and capital reduction, which involved the reduction by half of the par value of its shares and participation certificates.

The group reported net earnings of SFr259m on sales of SFr5bn last year, compared with a SFr688m loss on a SFr5.6bn turnover in 1986. The board proposed to forego a dividend payment for the third year running, to build reserves.

Cash-flow improved from SFr323m to SFr426m at the operational level. After extraordinary income from disinvestments in power plants and sales of other assets, it advanced to SFr615m.

Long-term debt, which had been as high as SFr4.1bn in 1982 and at SFr3.9bn in 1985, has been cut to SFr2.1m. A further reduction in indebtedness is a priority, according to Mr Haerri.

Shareholders' equity, including consolidated reserves of SFr610m, totalled SFr1.13bn at the end of 1987, up from SFr895m. Inventories and receivables have been reduced substantially from their 1985 levels.

Last year the group benefited from a favourable business cycle, an increase in primary aluminium prices and its own alignment toward higher grade products. It expects another good result for the current year.

Italtel posts 61% income gain

BY ALAN FRIEDMAN IN MILAN

SHARPLY reduced financial charges and increased sales of public switching systems helped Italtel, the Italian state-owned telecommunications equipment maker, to boost 1987 net profit by 61 per cent to L121.1bn ($97.9m). Turnover was 12 per cent higher at L1,471.5bn.

Meanwhile, Mrs Marisa Bellisario, managing director, said she hoped a decision would be taken before this summer on the choice of a foreign partner to form a "global alliance" in the telecommunications sector.

IRI-Stet, the state holding concern which controls Italtel, has been negotiating with potential partners since the collapse last November of plans for the merger of Italtel with Fiat's Telettra subsidiary.

Mrs Bellisario said yesterday that a choice would be made among Italtel's four suitors – Alcatel of France, American Telephone & Telegraph, Ericsson of Sweden and Siemens of West Germany. The goal was "not to ensure our survival, which is assured, but to put us into overdrive with more technology and international sales," she said.

Marisa Bellisario: choice will be made

Mrs Bellisario added that the continued manufacture of Italtel's Linea UT public switching system, which last year accounted for 28 per cent of sales, would have to be a condition of any accord.

Linea UT sales this year will increase by 40 per cent, she forecast. The coming alliance would also have to take in both public and private switching systems.

While confirming that the talks with AT&T also concern potential collaboration between Italtel and Olivetti on the private switching front, Mrs Bellisario said it was premature to speak of "the shareholding aspects, which should follow the industrial side of negotiations."

Italtel's 1987 profit was helped by a sharp reduction in borrowings from L438bn to L176bn, which in turn brought debt service costs down from L44.9bn to L21bn.

Although the group's private switching and integrated circuit divisions suffered losses of L5bn and L1bn respectively, sales of the Linea UT rose by 45 per cent last year to L408.8bn.

Research spending totalled L183bn, or 12.4 per cent of group revenues. Italtel's total workforce fell by 700 and now totals just over 17,000.

Jungbunzlauer boosts organic acid interests

By Judy Dempsey in Vienna

JUNGBUNZLAUER, the fast-growing Austrian manufacturer of alcohol, citric acid and salts, has acquired the organic acids activities of Johann Benckiser, the West German bio-chemical group.

The Benckiser operations, involving a workforce of 260, will be taken over by Biochemie Ladenburg, a Jungbunzlauer subsidiary based near Mannheim.

Benckiser controls about 30 per cent of world market share in gluconic acid and gluconate products.

In 1987, Jungbunzlauer increased group turnover by Sch64m to Sch900m ($76.8m).

Fokker in joint venture talks with French airline

BY LAURA RAUN IN AMSTERDAM

FOKKER, THE financially troubled Dutch aerospace company, is in talks with TAT, a French regional airline, about a possible joint venture in the leasing of Fokker 50 aircraft.

Yesterday, Fokker described the talks as serious but refused to comment further on Dutch press reports that the venture would involve 90 of the 50-seat airliners, with a value of Fl 2.2bn ($1.17bn).

According to reports, TAT would take 51 per cent of the venture, Fokker 25 per cent and a French bank the remainder.

Such a venture could help pull Fokker out of its financial troubles, which have resulted from sluggish sales, severe production delays in the Fokker 100 and the strong guilder.

At the end of last year, the Dutch Government announced a Fl 600m rescue package in which it planned to take a 49 per cent stake in the company and to join banks in providing fresh credit.

Fokker declined to say when the current negotiations began or who was the initiator. TAT has not ordered any of the turboprop Fokker 50s.

Two years ago, Fokker launched a similar leasing venture with GPA, the Irish aircraft leasing company, and Mitsubishi of Japan, for its 100-seat Fokker 100.

Acquisition helps push CGE ahead

By Paul Betts in Paris

COMPAGNIE GENERALE d'Electricité (CGE), the French telecommunications and heavy engineering group, has reported net profits excluding minority interests of FFr1.88bn ($323m) for last year, compared with FFr1.2bn the year before.

Group profits, including minority interests, increased by 97 per cent to FFr3.4bn.

Turnover rose by 58 per cent to FFr127.5bn.

The increase in turnover and profits largely reflects CGE's acquisition of ITT's telecommunications businesses last year.

These have been merged in the CGE-controlled Alcatel NV telecommunications group, which recently reported profits of FFr2.4bn on sales of FFr77.6bn for its first year.

Amev earnings fall 10%

BY OUR FINANCIAL STAFF

AMEV, THE Dutch insurance group, suffered a near 10 per cent decline in net profits to Fl 282m ($156.1m) for 1987 but is paying a maintained Fl 2.55 a share dividend.

The company, the third biggest insurer in the Netherlands, had expected profits for 1987 to fall by between 10 per cent and 15 per cent. It has been hit by the weakness of the dollar.

Total income declined by 4.5 per cent to Fl 7.64bn with life premiums down from Fl 2.48bn to Fl 2.31bn and non-life business shrinking from Fl 3.28bn to Fl 3.14bn.

Group net profits for the first nine months were Fl 212m, against Fl 231m. Over this period the depreciation of the dollar cost about Fl 17m, with Fl 4.5m arising in the third quarter.

West German builder passes dividend

DYCKERHOFF & Widmann, the West German construction group, is to pass its dividend for 1987, Our Financial Staff writes.

The group, which reported parent company net profits of DM6.84m ($4.1m) in 1986 and paid a dividend of DM6 a share, gave no earnings figures for last year.

D-Mark sector borrowers spring back into life

BY DOMINIQUE JACKSON

THE D-MARK sector of the Eurobond market sprang back into life yesterday, with three borrowers issuing bonds, encouraged by the stabler tone seen in West German government bonds.

However, secondary market trade was still subdued, with prices in most currency sectors tending to drift within narrow ranges, as retail investors delayed their return to the market following the Easter break.

The D-Mark sector of the market had already seen a strong first quarter to the year, accounting for $8bn of a total $44bn issued, ranking second only to US dollar issuance.

Yesterday's major deal was a DM300m issue for New Zealand, led by J.P. Morgan in Frankfurt. The five-year deal carries a 5 per cent coupon and is priced at 100¾. J.P. Morgan in London said the deal had been well received and was trading at 1¼ points below issoe price, a discount smaller than the 2 per cent total fees.

Most market sources agreed that the issue was fairly priced and seeing good demand, although they were surprised at the choice of lead manager as New Zealand has traditionally awarded D-Mark mandates to Commerzbank.

The day's other D-Mark issues included a DM150m mark deal for Hispano American International, a unit of Banco Hispano Americano of Spain, also maturing in 1993 carrying a 5⅝ per cent coupon and priced at par. Commerzbank, the lead manager, said the issue had been largely pre-placed.

Westdeutsche Landesbank Girozentrale brought Finnish state-coutrolled power entity Imatran Voima to the market with a dual tranche issue totalling DM100m. The first DM50m tranche is a five year 5 per cent deal at 100½ while the second has a 10-year life and 6 per cent coupon, priced at 99¾.

Dealers said both deals were trading in a narrow range around their total fees which were 2 per cent on the shorter issue and 2.5 per cent on the longer deal.

J.P.Morgan, this time from London, was also involved with another key issue yesterday. This was a C$200m deal for Sweden, the first issue for this sovereign borrower in the sector and one which was well received despite the recent flood of new paper in the sector.

Sector specialists said some recent corporate issues were now beginning to lag with Tuesday's deals for Ford Credit Canada and Canada Trustco Mortgage already trading outside their fees.

However although the market is showing some signs of slowing down in the wake of a new issue rush over the last eight weeks, there was still excellent demand for Sweden as a triple-A rated sovereign.

The issue matures in 1993, carries a 9¾ per cent coupon and is priced at 101½. This gave a spread at launch over comparable Canadian government bonds of about 39 points, net of fees, according to the lead manager.

Despite the heavy volume of new Canadian dollar issues, swap opportunities are still available and it is widely believed that the proceeds of the Sweden deal have been swapped into floating rate dollars.

Swap opportunities are also believed to be a driving force behind many of the recent Japanese equity warrant deals where the US dollar proceeds are swapped into fixed rate yen at highly attractive rates.

Nikko Securities launched a $100m warrant deal yesterday for Futaba Corporation, a leading international manufacturer of fluorescent indicator tubes. The coupon is indicated at 4½ per cent and the bond matures in 1993.

Den Danske Bank led a five year DKr300m issue for Finance for Danish Industry, carrying a 10 per cent coupon and priced at 101¾. It will be listed in Luxembourg.

Joint venture to offer loans in Europe

By Our Financial Staff

CHASE MANHATTAN, Sanwa Bank and Merrill Lynch Money Markets have launched a company called Eagle Capital Funding to provide short-term loans to European borrowers at competitive rates.

Eagle is to make short-term US dollar loans to selected Chase and Sanwa customers, initially in Western Europe, funding the advances by issuing Eagle commercial paper, Chase Manhattan said. The bank added it has primary responsibility for loan origination and administration under the $500m programme.

S&P moves global rating business to London base

BY OUR EUROMARKETS STAFF

STANDARD & POOR'S, the US-based debt rating agency, is moving the core of its international ratings business from New York to London in a step which will entail expanding its team of London-based analysts to 15.

Mr Leo O'Neill, head of the debt rating division, said that London, as the heart of the international capital markets, was the logical focus for S&P's global rating operations.

Mr Edward Emmer, head of S&P's international finance department, will move from New York to head the London office. S&P opened an office in London in 1984 and in Tokyo in 1986.

Moody's Investors Service, its main competitor, has been operating in London since 1986 and has a staff of 11, including five analysts. A more recently established agency is the London-based EuroRatings, which began publishing ratings last year and employs 24 staff, of whom more than half are analysts.

Mr Emmer said S&P would concentrate on covering Europe from London. The agency also announced it was forming a joint venture in Sweden with the Stockholm School of Economics to set up an agency.

After a post-crash lull, credit deals are beginning to reemerge. **Stephen Fidler reports**

Securitisation takes a more sober route

THE GROWING role of the securities markets in the distribution of capital, and the parallel decline in the role of banks, were financial market developments almost taken for granted in the heady days before October's stock market crash.

Borrowers, it was said, would increasingly turn to the securities markets where they would have direct access to investors. They could thereby save money by cutting out the charges made by the banks as middlemen.

Another element to the process of "securitisation" would be provided by financial institutions themselves, particularly in the US. Suffering from a shortage of capital to set against their assets, many institutions took to selling off assets such as mortgages or car loans, by packaging them in the form of securities which could be sold to investors.

Increasingly by-passed by borrowers and deliberately reducing the size of their own balance sheets, banks would lose their role at the centre of the financial system.

Yet last year several developments, culminating in the October crash, called such a vision of the future into question. Cracks were exposed in the workings of securities markets which threatened to frighten off potential investors.

In some cases, the securities markets practitioners were to blame for this. They brought a plethora of new products to market, often with very complicated structures which confused investors as to their real worth.

Mr Hans-Joerg Rudloff, deputy chairman of Credit Suisse First Boston, is among those who have criticised securities houses which duped investors by selling such securities at unjustifiable premiums of up to 14 per cent.

Indeed, some of the securities firms themselves suffered badly at the hands of their own creations. For example, the business of "stripping", or separating and rebundling, interest and principal payments on mortgage securities led to losses totalling $275m at Merrill Lynch in the US early last year. The scale of the losses suggested a serious lack of understanding about the way such instruments would behave given a sharp shift in interest rates.

There were other cases where it seemed everybody was duped. The troubles which hit large sectors of the floating rate note market in early 1987 provided a case in point.

The market in floating rate notes – securities paying interest tied to rates in the money markets – grew rapidly in the early 1980s. This allowed many borrowers to replace bank finance with cheaper funding in the FRN market.

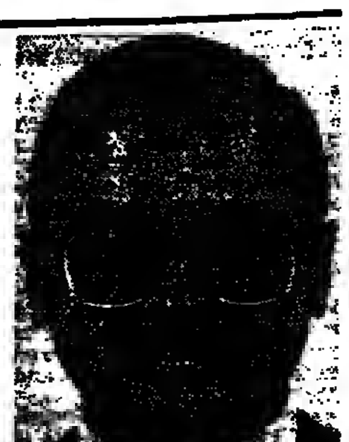
Investors, it was claimed, would accept lower returns than banks because they did not have to pay the banks' reserve costs and because they expected to give up some yield in return for the liquidity, or marketability, of the instruments.

The concept was refined and extended to perpetual FRNs, notes issued by banks, but with no final maturity. Banks were selling these instruments, raising money in perpetuity at rates barely above what they would expect to pay in the short-term money markets.

Underlying all this was the assumption that perpetuals always would be saleable at close to their issue price, since interest would be constantly reset to current money market rates and because there would always be dealers standing ready to buy them back. For some investors, it was an expensive assumption.

In what has been a familiar problem over the years in the Euromarkets, the market makers retreated in the face of consistent selling by the main investors in perpetuals, Japanese banks. With the market's main bulwark – the guarantee of marketability – now in question, nobody knew how to value the perpetuals and prices went haywire.

This illusion of liquidity among investors has also proved a severe problem, even in the stock markets. On the New York Stock Exchange, the events of October proved that many investors had overestimated the ability of the market to absorb buying or selling. Investors using portfolio insurance, a strategy aimed at protecting the value of share portfolios depending on the ability to buy or sell large baskets of shares almost instantaneously, suffered badly when the market failed to absorb the weight of selling.



Hans-Joerg Rudloff (right), of Credit Suisse First Boston, is among those who criticised broking houses selling complicated securities which confused investors as to their real worth

Amid nervousness generated by the crash, many investors retreated to simplicity and safety. This initially led some of them to reject mortgage-backed securities and other instruments involving securitised credit. As a result, the yield differences between these securities and conventional government bonds widened, by between ¼ and ¾ percentage points.

Yet since then, yield differentials have returned to pre-crash levels. While mortgage volume has slowed over the last year, two-thirds of all mortgages written in the US still end up being financed through the securities markets, an all-time high.

According to Mr Lowell Bryan, a director of the management consultancy firm, McKinsey and Co, and an expert in the field of credit securitisation, the imperative for potential issuers to securitise credit has not gone away, and neither has the technology which enabled it.

If investors are more suspicious of more complicated securities than before, it is an issue which can be resolved by more generous pricing. This will slow the process of securitisation, since marginal issuers will be discouraged, but it will not stop it.

After a post-crash lull in Europe, securitised credit deals are beginning to reemerge. Among them, the Canadian Imperial Bank of Commerce is using the Eurocommercial paper market to finance its UK mortgage portfolio in what is thought to be the first of a series of deals.

The imperative to securitise housing finance may not be so urgent in Europe as it in the US, since banks in general are better capitalised and central banks are likely to adopt a less stringent approach for setting capital requirements against mortgage assets. That said, most forecasts suggest securitised credit will continue to grow outside, as well as inside, the US.

With the benefit of hindsight, it is clear that there was an element of excess in the scramble to securitisation prior to the crash. The enthusiasms of the bull market encouraged illusions about the marketability of securities and distorted perceptions of value.

The crash shattered many of these illusions. As a result, it has become clearer which innovations of the great bull market will endure, and which were part of the froth which bubbled over in October. The process of securitisation will continue to move inexorably ahead, but more soberly than before.

Saudi head for Aramco

By Steven Butler

MR HISHAM NAZER, the Saudi Arabian Oil Minister, has been appointed chairman of the Arabian American Oil Company (Aramco), marking the first time a Saudi citizen has assumed leadership of the company in its 55-year history.

The appointment, made at a Houston board meeting of Aramco, is seen as an important step in Mr Nazer's efforts to restructure the Saudi petroleum industry, a task he set for himself when he became Oil Minister in 1986, and could lead eventually to dismantling Aramco's structure as a Delaware-registered corporation.

Aramco has four equity partners, Texaco, Chevron, Exxon, and Mobil Oil, which operate the company as a contractor responsible for exploration, production, refining, and transporting Saudi oil and gas. The physical assets of the company were taken over by the Saudi Government gradually in the 1970s.

Mr Nazer's appointment follows the retirement of Mr John Kelberer, who served as chairman and chief executive for 10 years. Mr Kelberer will become vice-chairman.

The post of chief executive is to be assumed by Mr Ali Naimi, a Saudi citizen who has been president of Aramco since 1984.

Mr Nazer has begun a sweeping reorganisation of the Saudi oil industry aimed at eliminating duplication and improving efficiency. He has previously said that he would like to turn Aramco into a Saudi national oil company, which would involve rationalisation of the functions of Aramco and Petromin, the Saudi company engaged in domestic refining and marketing.

Mr Nazer has already taken considerable steps to cut costs and shake up the Petromin management, and has begun to implement a plan to divide the company into three divisions. As a first step, the lubricant businesses of Petromin are being spun off into a company called Petrolube.

Saudi Arabia is also examining options to acquire downstream refining and marketing operations overseas, possibly on a joint venture basis.

Singapore exchange disciplines members

BY ROGER MATTHEWS IN SINGAPORE

THE SINGAPORE International Monetary Exchange (Simex) yesterday took disciplinary action against seven of its members, fining five of them a total of S$222,000 (US$110,890), suspending one indefinitely and three for a period up to eight weeks, and warning two of stern action if they again breach the rules.

The charges included dishonest conduct, trading against customers' orders, not giving priority to customers, failing to confirm trades; not reporting personal transactions, lying to the exchange, and impairing the dignity and degrading the good name of Simex. All except one are individual non-clearing members.

Details of the action taken by the Simex disciplinary board were circulated privately to members. The largest single fine imposed was S$70,000 on the member who was also suspended indefinitely.

World Bank to auction 10-year Samurai bonds

THE WORLD Bank wants to stage a competitive auction for an issue next month of an estimated Y60bn ($479.2m) in 10-year Samurai bonds, a bank official said, Reuter reports from Tokyo.

This would be the first such auction in the yen market except for Japanese government bonds. In order to stimulate liquidity in the Samurai market, it would have the same 5.125 per cent coupon and March 1998 maturity date as the bank's Y100bn Daimyo issue last March. Daimyo bonds are Samurai issues listed and cleared in Europe to improve their marketability.

The auction would be open to 22 brokers, eligible because they had underwritten the March issue by the World Bank. Six foreign brokerage houses are included in the syndicate – Salomon Brothers Asia, Merrill Lynch Japan, First Boston (Asia), Morgan Stanley International, Goldman Sachs (Japan) and S.G. Warburg Securities (Japan).

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on April 6

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available–previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

How Japan is finding space for private enterprise

Roy Garner examines the development of domestic launching capabilities and the way in which companies are preparing to capitalise on commercial opportunities

JAPAN'S LAUNCH, on February 19, of its CS-3a communications satellite was just the latest in a growing list of confidence-boosting space programme successes. The country does not claim to be in the same league as the US or Europe in the space field – its total space programme budget amounted to Y121.9bn (£521m) last year, about one tenth the size of Nasa's. But the recent satellite launch marked another significant step towards Japan's initial goals of developing fully domestic launching capabilities, and broadening the foundations of its general space technologies.

In addition, the launch has engendered increased optimism among the growing number of private companies which are preparing to capitalise on commercial opportunities in space, particularly in the fields of materials processing and space-related construction projects.

The CS-3a is also notable as the first satellite to be equipped with gallium arsenide solar cells, a technology which promises to extend the working life of satellites.

Japan's space programme dates back to 1960, when the Prime Minister's office set up its Space Activities Council, and the project has been underpinned by US technologies used under license – notably in the case of the three-stage H-1 rocket, which is currently used for satellite launches and is based on the McDonnell Douglas Delta rocket.

The programme, however, has acquired an increasingly local flavour and Japan's semi-governmental National Space Development Agency (Nasda) claims an 80 per cent Japanese technology content for the CS-3a launch.

Milestones in the programme have included the Engineering Test Satellite-V (ETS-V) in August 1985, the first geostationary vehicle to feature a fully domestic 'three-axis control' stabilisation system and the world's first x-ray satellite which went into orbit in February 1987.

A total of 40 satellites have now been successfully placed in orbit. But Japan's real 'declaration of independence' is due in 1992, with the commissioning of the all-Japanese H-2 rocket.

The groundwork for the H-2 launch is already well in hand, and a custom-built launch complex is taking shape at Nasda's Tanegashima Space Centre in south west Japan.

In April this year, the Solid Rocket Booster (SRB), which forms the first stage of the two-stage H-2 rocket, will undergo the initial trials of a two-year test programme.

The SRB has been developed by Nissan Motor Co., and is based on technology made available by Japan's Space and Science Institute of the Education Ministry.

The H-2 will have ten times the propulsion power of the current H-1, yet the major contractor for the rocket, Mitsubishi Heavy Industries (MHI) points out that the booster development and production budget of Y170m is only Y20m higher than that of the H-1, a figure which illustrates Japan's shoestring approach to space programme funding.

The initial H-2 programme schedule includes:

● The launch of an Advanced Earth Observation Satellite in 1993. This will be a second-generation version of the Earth Resources Satellite (ERS-1) now in its final development stages.

● The Space Flyer Unit, which will function as a re-usable research platform for experiments in vibration-free conditions.

Upon conclusion of the H-2 design work, Nasda hopes to see the start of two new large-scale space projects:

● The H-2 orbital aircraft. Known as the 'Hope', this would serve as an unmanned mini-shuttle, for use in transporting supplies to a future space station, and as a passenger-carrying space aircraft. Projections for the Hope vehicle suggest a 10-20 ton design with a 12-meter wingspan and a payload bay measuring 2.5 meters by 5 meters. Other possible specifications are under review by Japan's National Aerospace Laboratory.

● The Japan Experimental Module (Jem), which is to represent the nation's contribution to the US-managed space station programme, and an assortment of projects. These projects will mainly focus on research into advanced satellite communications, an area which comes under the auspices of the Japan Key Technology Centre. The Jem will carry a crew of two in a four-meter wide cylindrical pod, joined to a 10-meter long research facility on one side and a robot arm-equipped docking bay on the other.

MHI is the prime Jem contractor, supported by NEC, Mitsubishi Electric, Kawasaki Heavy Industries, and Nissan Motor. They are working towards a target launch date in the mid-1990s.

Meanwhile, the gallium arsenido (GaAs) solar cells carried aboard the CS-3a, and the CS-3b to be launched this summer, have generated much excitement in the space community.

Masami Kasugabe, Advanced Space Programmes department manager of Mitsubishi Electric, which developed the cells, points out that with their high efficiency, solar cells are particularly useful in space applications.

"The CS-3 series are spin-stabilised satellites, so only one third of their surface can be used for the generation of power using sunlight. Our GaAs cells have an efficiency of 18-19 per cent, compared with 12-13 per cent for silicon. This, combined with a 50 per cent slower degradation rate, means that the CS-3 will have a working life of over seven years," he says.

The GaAs cells also feature a greater resistance to electron radiation, another key requirement in space. Kasugabe claims that his company is one of only two in the world capable of GaAs solar cell production. The other, ASEC of the US, is said by Mitsubishi to be producing over 50,000 pieces of the cell per year, using a new liquid phase epitaxy process.

The GaAs solar cell structure features an anti-reflective coating, which both protects the underlying layers against chemical erosion and boosts the optical efficiency. This coating is sealed by a glass cover which serves to exclude proton radiation.

Kasugabe's team is also working on an ion engine, which instead of conventional hydrazine fuel, will use xenon gas which is ionised and expelled to facilitate adjustments to a satellite's position.

Kasugabe says: "The chief merit of the ion engine is its mass-saving. With its lightweight fuel, it is ideal for long-mission satellites. For example, on a one-ton satellite with a five-year life the merit would be negligible. But for a one-ton/10-year satellite the mass saving would be 80 kgs, and for a 1.5-ton/10-year unit 100-200 kgs could be saved."

The ion engine is to be used on the ETS-6 test satellite, scheduled for launch in 1992. This is projected to have a 10-year life, with 6,500 hours of operation.

Mitsubishi Electric is aiming at annual sales growth in the space sector of some 10-20 per cent, says Kasugabe.

Private-sector interest in space is being nurtured by the Japan Space Promotion and Utilization Centre, established in 1986 and now chaired by NEC president Tadahiro Sekimoto.

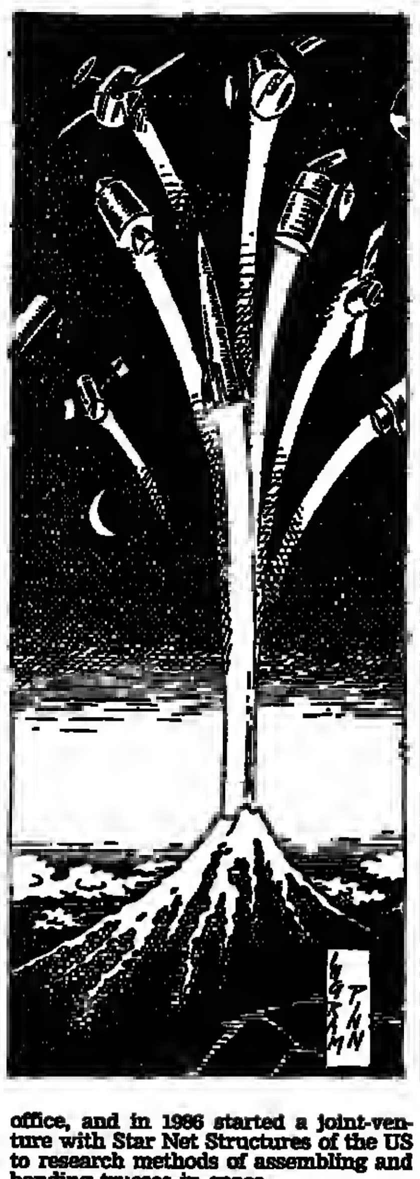
Interest is particularly strong among Japan's major construction companies. These, foreseeing heightened competitive pressure from increased foreign involvement in Japanese construction work, are looking heavenwards for future expansion opportunities.

Shimizu Construction, for example, has already formed a space project office, and in 1986 started a joint-venture with Star Net Structures of the US to research methods of assembling and bonding trusses in space.

Meanwhile, Taisei Corporation is studying the feasibility of a shuttle-launch 'catapult' which would use a linear-motor car on a circular steel pad to propel vehicles into space. Ohbayashi, another construction company, has a 'Lunar City 2050' project, which is investigating the construction methods and materials which will be required for a future moon station.

Despite the promise of these research ventures, however, space programme participants are generally adopting a low-key, wait-and-see stance, and the Government remains very coy about Japan's possible future participation in the international satellite launching market – particularly at a time of severe strains upon the country's international trading relations.

Once the H-2 programme is underway the picture could change and initiatives become more bold. The Government's Space Activities Commission recently issued a report which called for an investment of Y6 trillion (million million) in Japan's space industry before the end of the century.



WORTH WATCHING

Edited by Geoffrey Charlish

Be warned, you're driving too close

SCIENTIFICA-COOK of London has developed a laser-based warning light system which, fitted to the rear of a vehicle, will tell any following driver if he is too close.

Called Laser Pulse, the device is the idea of Paul Cook, a professor of laser technology at Brunel University in the UK. From the rear of the car, the device projects an accurately formed red beam with a shape rather like a cone that has been squashed to become somewhat fan-shaped in the horizontal plane.

The beam is fanned up and down 75 times a minute by a motorised optical system, but the angular movement of the beam is such that an overlapping area is always present at the centre. The beam is aligned so that drivers following at 65-75mph on a motorway will have their eyes in this middle segment and will see a continuous red light.

But because the beam is divergent, as drivers close on the car in front their heads will move into the upper segment of the moving beam system so that the light they see will appear to be flashing 75 times a minute. In addition, because the cone becomes, as the car gets closer, the flashing light will get brighter. Since the laser light is in a divergent beam, it cannot harm the eyes.

The device is likely to sell for between £500 and £700 and will be aimed initially at the top end of the car market. Cook says he has already interested a major Japanese electronics company.

GEC helps screen Italian disasters

THE ITALIAN Government is setting up a video network so that pictures of disaster conditions anywhere in the country can be relayed by satellite to an Earth station at Fucino, and from there to the Ministry of Civil Protection in Rome.

To cut transmission costs, by minimising the bandwidth (information carrying capacity) needed in the various links, codecs (coder-decoders) from GEC Video Systems of the UK will be used.

These systems will form part of 12 vehicle-mounted Earth stations to be supplied by Telespazio, the Italian carrier for satellite operations.

The vehicles will be spread around Italy and maintained in a state of readiness. They will be able to accept pictures from cameras on helicopters, compress the images and beam them up to the Eutelsat 1 satellite for immediate downward transmission to Fucino.

In addition, several small fixed Earth stations will be able to send seismic readings, data on volcanic activity and flood water information back to Rome. The whole disaster network, called Argo, is expected to be ready in early 1989.

BNF shapes up for improved production

BNF METALS Technology in the UK is carrying out a multi-client research project to develop simple and cheap techniques for injection moulding and sintering metal and other powders.

The objective is to produce components so near to their final shape that little machining is needed to obtain the finished product.

The work could put an end to making complex parts by the assembly and joining of simpler ones. Better products could result from making such complex items in one process.

Eye in the sky dips beneath the waves

TWO COMPANIES specialising in anti-submarine warfare (ASW) equipment, GEC Avionics of the UK and Sanders Associates of the US, are to develop jointly a new dipping sonar system for use by ASW helicopters in the 1990s.

Dipping sonars are lowered into the sea from helicopters and send out sonar signals to locate submarines and show their positions on displays in the helicopter.

The new equipment will be called Osprey, and GEC claims extensive computer simulation shows it will out-perform anything else available.

Osprey will use a high-powered dipping unit from Sanders (a Lockheed company) and AQS-900 computers from GEC Avionics at Rochester, Kent.

UK airports get the range of fog dangers

AERONAUTICAL and General Instruments of Dorset in the UK is to equip Britain's major airports with new fog monitoring systems.

Even with modern blind landing aids, International regulations prohibit airport use where runway visibility is less than a stipulated distance.

Accurate measurement is therefore needed, and Aeronautical's new system, called Agivis, measures the runway visual range (RVR) at three points using optical systems that gauge the amount of white light transmitted between two positions.

The RVR for each section of the runway is calculated and transmitted to a display in the control tower. The information is also stored on magnetic tape for legal and archival purposes.

Electroplating: Hughes finds a perfect solution

THE CONDITION of plating solutions in printed circuit board electroplating plant is crucial to quality and profit levels. But it tends to be evaluated by art rather than science, according to Hughes Aircraft Company of California.

Under a US Navy contract, the company has developed the Optrode, a miniature, computerised spectrometer which can be lowered safely into the highly corrosive solutions in plating vats to determine how much of the effective chemicals are left in the solution.

The device works by measuring how a light source's spectrum is modified by passing through the solution. By continuously monitoring the concentrations of chemicals and relating the results to measurements on the finished boards, the solutions can always be kept as perfect as possible.

Hughes says that on one of its own radar manufacturing lines it is already producing savings that will amount to US$1.7m over a 10 year production run.

CONTACTS: Scientifica-Cook: London, [illegible]. GEC Video Systems: UK, 0734 [illegible]. BNF Metals Technology Centre: UK, [illegible]. GEC Avionics: UK, 0634 [illegible]. Aeronautical & General Instruments: UK, [illegible]. Hughes Aircraft Company: US, (213) [illegible].

BUSINESS LAW

Lessons from Delaware

By Leo Herzel and Richard W. Shepro

THERE ARE some striking similarities between Delaware's pivotal position in US corporate law and tho position thet London enjoys in international financial transactions. Dslaware's key advantages, like London's, are mainly self-created; and much of its clientele are volunteers in highly competitive markets. As the City begins to work with the major securities and corporate law changes made by the Financial Services Act, a look at what has made Delaware so successful could be helpful.

Both Britain and Delaware face the same key question: to what extent can (and should) corporate and securities law be kept out of politics? The Delaware lesson has been that politics, not legislation itself, is the danger. When tempers are kept cool, corporate and securities legislation can be subtle and up-to-date, and can leave a large amount of room for contractual solutions.

Delaware's case is illustrated neatly by the recent enactment of a new anti-takeover statute.[1] This is the most controversial change Delaware has ever made in its corporation statute. And the controversy continues: on February 2 1988, the very day the Governor of Delaware made the statute effective by signing it, two lawsuits were filed in federal courts attacking it on federal constitutional grounds.[2]

Howevor, ths public controversy during the enactment process was more important for Delaware than the statute itself. The controversy highlighted the most distinctive characteristic of Delaware'e corporate legal system. Normally Delaware manages its corporation statute quickly and quietly by consensus, not by politics. As a result, many of the largest public companies in the US voluntarily incorporate in Delaware and litigate many of their most important corporation law cases in its courts.

Although, in the controversy over the anti-takeover bill, the Delaware bar ultimately devised a compromise that was in the Delaware tradition, it was not at all clear during the debate that it would be able to do so. The appearance of two Securities and Exchange Commission commissioners in the debate and the possibility that the SEC might file briefs in support of those challenging the law in the courts sounded a warning note that Delaware knows it must heed: the danger of federal pre-emption.[3] However, despite the unprecedented lobbying and the introduction of an alternativs, much weaker, bill, both Houses ultimately supported the Bar Association's compromise bill unanimously. They apparently understood that once Delaware begins to deal politically with corporate law issues it could lose its main advantage.

A crucial Delaware advantage is that its corporation statute is continuously revised by committees of lawyers to make highly technical corporate transactions easier to accomplish. The Delaware statute has become, in effect, a flexible form contract among stockholders, directors and management that is continually renegotiated as problems arise. And the form contract itself provides plenty of room for variation by the parties to suit themselves in charters and bylaws. For example, Delaware law requires approval of a majority of the voting stock for major transactions such as mergers; howevsr, charters can impose a highor vote and add other requirements.

Corporate law issues are viewed in Delaware as economic problems to be solved es closely as possible in accordance with the wisbes of ths parties involved, not as profound moral dramas or as causes for political blood-letting. In recent years, the significant developments in Delaware corporate law have dealt with two main issues: the fiduciary obligations of controlling stockholders to the public minority[4] and management resistance to takeovers.[5] Delaware law in these two areas has evolved through frequent cases in the courts and very modest changes in legislation.

In Dslaware, statntory changes, drafted by lawyers' committees, are usually delivered to the legislature in final form. In their turn, Delaware's lawyers have taken great care to ascertain the views of corporation law experts from outside the state.

Other American states do not do nearly so well in this competition. There is too much politics in their legislative process. For example, in response to a crisis in the market for director liability insurance in 1986, Delaware quickly passed a statute that allows companies, by charter amendments, which require stockholder consent, to eliminate director liability for negligent breaches of their duty of care (but not loyalty) to stockholders.[6] The change was suggested by lawyers from outside the state but drafted, after debate, by the usual committees of Delaware lawyers. Large stockholders of Delaware corporations did not blink; the changes in corporate charters to take advantage of the new law were approved without controversy. In Illinois, however, attempts to adopt a similar law wero involved in a highly charged controversy over doctors' malpractice liability and Illinois has still progressed no further with the matter.

Delaware has also done other things to reduce risks and costs for corporations who incorporate to Delaware. The state has a separate trial court that usually resolves corporate litigation efficiently. This court has no jurisdiction over criminal or tort matters. In other states and in the federal courts these matters clog the court calendars, making it harder for jndges to devolop expert knowledge of corporate and securities matters and to handle cases quickly and effectively. Moreover, the American Bar trusts the Delaware jndiciary, although it does not always admire or agree with their decisions and opinions.

In emergency appeals of important corporate cases, the Delaware Supreme Court usually acts with great speed, sometimes overnight. In some cases it even issues a preliminary oral opinion to resolve an issue immediately, long before it delivers a written opinion that more carefully delineates the precedent for future cases.

Delaware also has a sensible rule for the award of plaintiff'e lawyers fees in corporate stockholder suits which allows the courts to base the eward on the benefit achieved by the litigation.[7] In most other American jurisdictions an antisocial outcome is achieved by a rule that makes lawyers' hours the "lode' star". This encourages protracted litigation and discourages settlement. A very broad statute that gives Delaware courts personal jurisdiction over officers and directors of Delaware corporations bslps to attract lawsuits involving important corporate issues. The high volume of litigation helps preserve an efficient, expert and prosperous bar and court system.

The main lesson from Delaware for Britain is simple to understand but difficult to execute. The key to continuing success as an elected financial centre is keeping domestic politics out and the contracts and business needs of the clientele in. But this may be much more difficult in Britain than Delaware. There are so many more domestic complexities and special interest groups.

From the standpoint of a contractual model, the Financial Services Act appears far too rigid and comprehensive. Howevsr, from a practical point of view, Britain may have chosen the best compromise by giving a large amount of discretion to self-regulatory organisations. A statute such as the Financial Services Act may have been a political necessity and continuous non-political statutory revisions may be impossible.

[1] *For details of the law and the debate, see Herzel and Shepro, The limits of Indiana's anti-takeover legislation, FT, May 8, 1987; Herzel and Shepro, Delaware: No Hostility to Takeovers, FT, July 9, 1987; Herzel, Delaware's anti-takeover pill, FT, January 14, 1988.*

[2] *Black & Decker Corp v American Standard Inc, No.88-50 (D.Del, Filed Feb 2, 1988); CRTF Corporation v Federated Department Stores, Inc, No.88 Cio.0487 (S.D.N.Y. Filed Feb 2, 1988).*

[3] *Herzel and Shepro, Setback for US Takeover Defences, FT, October 16, 1986.*

[4] *For example, in Weinberger o UOP Inc, 457 A.2d 701 (Del. 1983)*

[5] *See Moran o Household International Inc, 500 A.2d 1346 (Del. 1985), (poison pills); Unocal Corp v Mesa Petroleum Co, 493 A.2d 946 (Del. 1985) (discriminatory tender offers). The latest Delaware Supreme Court pronouncement came in Ivanhoe Partners v Newmont Mining Corp, No.341, 1987 (Del. Nov 18, 1987).*

[6] *Herzel, Shepro and Katz, Next to Last Word on Endangered Directors, Harvard Business Review, Jan-Feb 1987.*

[7] *Herzel and Hagan, Plaintiffs' Attorneys' Fees in Class Action and Derivative Suits, University of Chicago Law School Record, Spring 1980 (or 7 Litigation 25, Winter 1981)*

The authors are partners in the Chicago law firm of Mayer, Brown & Platt

INSURER WEATHERS HURRICANE AND MARKET CRASH TO MEET CITY EXPECTATIONS

Sun Alliance falls 5% to £171.5m

BY NICK BUNKER

Sun Alliance and London Insurance, the biggest insurer of property in the UK, said yesterday that it expected to pay a total of £128m in claims arising from last October's hurricane, far more than the maximum of £89m which it forecast soon after the event.

However, the share prica closed 19p higher at 913p yesterday after the group reported pre-tax profits down only 5 per cent at £171.5m for 1987.

The pre-tax figure was around the middle of the range of analysts' expectations, but there was a 32 per cent increase in total dividend to 31p.

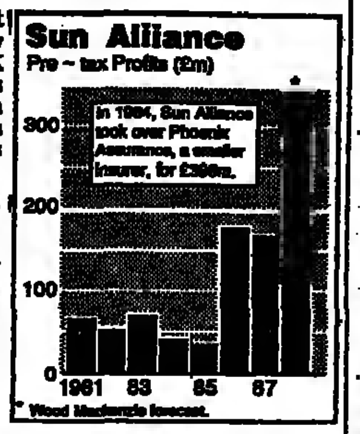
Total non-life premiums fell slightly to £1.99bn. Life assurance profits grew 10 per cent to £30m. After-tax profits dropped from £137.1m to £130.6m and earnings per share slipped 4.5 per cent to 61.3p.

In spite of October's financial crash, the group managed to maintain its solvency margin – shareholders' funds as a percentage of premium income – at 85 per cent, unchanged from December 1986.

The near-record pre-tax profit, made in spite of the worst windstorm in British insurance history, dramatically confirmed the strength of the composite insurance sector – especially its UK operations – after several years of premium rate increases.

The group's hurricane losses were the highest suffered by any British insurer, and it paid out another £71m arising from bad weather in early 1987. Together with Royal Insurance, Sun Alliance dominates the household structure insurance market via links with building societies.

Also it suffered particularly severely because, unlike most other insurers, it has had a policy since 1986 of not buying UK catastrophe reinsurance for its household portfolio. It believes that over the long term it makes more money by carrying all its own risks.



Sun Alliance said that household structure premium rates "must inevitably be increased" to take account of the pattern of more frequent big weather claims in the last few years.

Reported profits would have been another £22.7m higher if the group had not been hit by the impact of a weakening dollar on its earnings from North America.

However the company reported a remarkably high underwriting profit of £14.3m from its £216m of premiums in the US, where its business is managed by Chubb Corporation.

It also registered a recovery in Europe, where its underwriting losses fell to £16.9m (£27.3m) on premiums of £264.6m.

See Lex

US expansion lifts Blackwood to £12.5m

BY DAVID WALLER

EXPANSION IN the US helped Blackwood Hodge increase its 1987 pre-tax profits by £3.7m to £12.5m. Turnover at the world's largest distributor of earthmoving equipment rose from £204m to £303m.

The results reflect the company's recent policy of buying distributorships in the US. These acquisitions – which include Roland Machinery and Mitchell – accounted for almost all the £4.6m increase in operating profits to £17.38m.

Had each acquisition been incorporated for the full year, group turnover would have been as high as £375m. Following the purchases, approximately half group turnover now derives from North America.

Overall, the company's North American operations made £9.38m last year, against £4.51m in 1986, which derived exclusively from Canada. Turnover climbed from £69.41m to £144.42m.

In the UK, profits increased by just £225,000 to £1.52m, on turnover ahead by £8.32m. In Africa, profits declined from £2.69m to £1.64m; in Australia, profits rose from £3.03m to £3.91m despite a major restructuring of Blackwood's Antipodean interests.

Earnings per share gained 13.2 per cent to 6.53p (5.77p), following adjustment for the £18.3m rights issue last April. A final dividend of 0.65p is proposed, making 1.2p (1p) for the full year.

Interest payable rose from £5.61m to £6.62, although gearing tumbled from 75 to 45 per cent by the year end. Pre-tax profits were depressed by £1m as a result of adverse currency movements.

● **comment**

Yesterday's figures from Blackwood Hodge were no more than in line with City expectations, but prompted a 10 per cent rise in the company's share price. This sanguine response reflects investors' appreciation that Blackwood has finally turned its back on the dark days of 1984, when it lost £20m and borrowings amounted to nearly twice shareholders' funds. Now, gearing is relatively modest at 45 per cent and, following the four recent acquisitions in the US, the company is twice the size it was a year ago. But worldwide demand for earthmoving equipment remains static, and organic growth no easier to come by despite the purchases. In the US it seems that the increase in turnover will be achieved at the expense of margins due to the move towards "rental with option to purchase" agreements rather than outright sales. That said, there is scope for further expansion overseas — in India, Hong Kong, even Japan — and in the UK, where Blackwood acknowledges a woefully slender product portfolio and suffers from a grievous problem with unrelieved ACT. With the benefits of the Australian reorganisation likely to be offset by the debilitated dollar, Blackwood should make £15¼m this year, putting the shares on a modest prospective multiple of just over 7.

Newman Industries shows 63% growth

BY VANESSA HOULDER

Newman Industries, the fastening engineer that has been the subject of takeover speculation, yesterday announced pre-tax profits for 1987 of £9.1m – an increase of 63 per cent. Earnings per share more than doubled to 4.3p.

The directors propose changing the name of the company to that of its core business, Avdel, to mark the completion of the group's divestment programme. Five businesses were sold in the past year, reducing turnover by 14 per cent to £76.3m. The sale of the loss-making H J Maybrey foundry business, together with costs of closing the group's headquarters, resulted in an extraordinary charge of £1.4m.

Avdel posted operating profits of £11.5m, up 13 per cent, on turnover of £72.4m (£85.6m). Overall, operating profit was £11.1m (£8.5m) after a £400,000 contribution from discontinued businesses, central costs of £800,000 and a net interest charge of £2m (£2.7m).

Translation of overseas assets to a stronger pound had affected gearing, said Mr John Marley, chief executive. The balance sheet, however, would be considerably improved by funds from the divestment programme and from the sale of the 14 acre Yate site which should be completed before June.

The directors are recommending a final dividend of 1p, making 1.5p (1.3p) for the year.

Suter, the industrial conglomerate, has held a 28 per cent stake in the company since mid-March. Mr Marley said he had not discussed the stake with Suter.

BET paying up to £18m for Lorne Stewart

By Clay Harris

BET, the international services company, said yesterday that it would pay up to £17.8m for mechanical and electrical contractor Lorne Stewart Group. However, it abruptly abandoned a plan to finance the initial £13.5m payment with a vendor placing in continental Europe.

Less than four hours after announcing details of the placing through Credit Suisse First Boston, BET put out another statement which said that this had been only one of its financing options. The cash would now come from existing resources and only a token 6,000 shares would be issued.

The vendor placing was to have been BET's latest effort to broaden its shareholding base to reflect the geographical spread of its operations. Since last summer, it has added share listings in New York, Toronto, Montreal, Frankfurt, Amsterdam and Paris.

However, Mr John Griffiths, BET finance director, said yesterday: "I took the decision late on Tuesday night that the whole thing would not increase the number of shares held in Europe, that they would have flowed back [to London]." The continent is "soggy with equity", Mr Griffiths said.

His decision, however, was not translated into action swiftly enough to stop the Stock Exchange's release of the announcement which had already been delivered by BET.

The issue of pre-emption rights did not figure in the decision, Mr Griffiths said. The 6.8m shares to be placed would have amounted to less than 1 per cent of enlarged share capital, and BET was still within institutional guidelines despite its US share issue last year.

Lorne Stewart specialises in installation and maintenance of heating, ventilation, air conditioning and electrical systems. Operating from London, Stockport and Leeds, it makes annual pre-tax profits of about £2m.

A final £4.3m payment for the privately owned company is linked to profits.

Kleinwort Benson below forecasts in 'rogue year'

BY DAVID BARCHARD

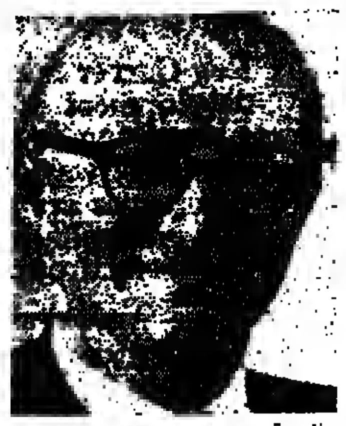
Kleinwort Benson Lonsdale, the merchant banking group, yesterday reported profits of £64.2m for 1987, 18 per cent down on its 1986 performance and slightly below analysts' forecasts.

The results were described in the City yesterday as generally rather disappointing.

Mr David Peake, chairman of Kleinwort Benson, the merchant bank, described 1987 as "a rogue year." In addition to the stock market crash, serious problems in the back-office operations of Kleinwort Grieveson, formerly Grieveson Grant, the stockbrokers it acquired in 1986, forced Kleinwort to spend an undisclosed amount on overhauling its computer systems and hiring about 700 extra staff for its stockbroking and "Sharecall" services.

During the year, Kleinwort Benson boosted its capital base with debt issues totalling more than £100m in US dollars and Luxembourg francs as well as with a rights issue in November which raised £143m.

The securities division had "a very disappointing" first nine months before moving back into a net profit in the last quarter of the year, while profits from the investment finance division were also down.



David Peake – computer systems overhauled

The two other divisions, commercial banking and corporato finance, performed sluggishly. Even though corporate finance recorded its best year ever, Mr Peake described this as "not stunningly better."

Since the stock market crash last October, Kleinwort had advised clients in eight UK public takeover offers with a total value of more than £3bn and had been appointed to advise the Government on the second stage of the privatisation programme for the electricity supply industry in England and Wales.

It had also been appointed adviser to the Abbey National Building Society in the first ever conversion of a building society into a limited company.

Mr Robert Henderson, group chairman, said the strategy embarked on in 1985 of turning Kleinwort into a global investment house and introducing a new group management structure had begun to work successfully last year, "despite many difficulties."

The final dividend is to be maintained at 8.7p per share, holding the total for 1987 at the 1986 level of 14p per share on the increased share capital.

See Lex

Bad weather checks Ruberoid

BY CLARE PEARSON

Ruberoid, the roofing materials group, blames bad weather for 1987 results at the lower end of analysts' expectations. Pre-tax profits were up 11.7 per cent at £10.19m (£9.12m) on turnover of £145m (£137.8m).

A tax charge of less than 30 per cent helped earnings per share rise 28 per cent to 14.38p.

Ruberoid also announced yesterday that it was acquiring another 47.5 per cent of Norwich Corrugated Board, in which it has held a 50 per cent stake since the company's inception in 1971.

Two of Norwich's executive directors, Mr Bill Thompson and Mr Barney Foster are retiring, but Mr Philip Foster, 55, is to stay on as managing director on a five-year contract, retaining a 2.5 per cent shareholding. The consideration due to the elder Mr Foster and Mr Thompson will be covered by a vendor placing (with a clawback for existing shareholders) of 6.68m shares at 134p each.

Wind and rain pushed contracting business trading profits down by 41 per cent. This business accounts for about a third of turnover.

However, the trading profit of the building materials manufacturing side, Ruberoid's main business, increased by 20 per cent. This was despite a price war at the lower-quality end of the bituminous roofing market.

Trading profit in the paper, plastics and resins business was down by 42 per cent. Continuing problems with new machinery meant the paper mill in Middlesex recorded a loss for the second year.

Additionally, £160,000 was lost in currency translations.

However, Ruberoid said the present year had started well and would enjoy a full-year contribution from Nebiprofa, the Netherlands bituminous prodncts manufacturer in which it has a 75 per cent stake and an eight months contribution from Norwich, which made £3m last year.

The directors are recommending a final dividend of 3.3p, making 4.2p for the full year.

● **comment**

The fall in Ruberoid's share price yesterday came mainly on news of the vendor placing, but also reflected reaction to the lacklustre pre-tax figure. However, disappointment could easily be overdone. Last year's bad weather has had a two-pronged effect: business that did not get done last year is swelling contractors' order books in this one. Demand for building materials has also benefited and prices have firmed this year. The acquisition of most of Norwich's share capital makes little difference in trading terms. However, it is a model of a corrugated board prodncer and profits growth over the last five years has compounded at nearly 30 per cent. Ruberoid's pre-tax profits this year should come out at about £14m. On a higher tax charge of 38 per cent, this puts the shares on an undemanding prospective p/e ratio of about 8.

UK COMPANY NEWS

Acquisitions help boost Western Motor by 83%

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

Western Motor Holding, the fast-growing car retailing, importing and transport group, increased its pre-tax profit by 83 per cent in 1987 helped by a number of acquisitions including the UK importer of Soviet-built Lada cars.

Pre-tax profits jumped to £5.76m, against £3.14m in 1986, while turnover more than doubled to £135.76m, compared with £65.93m.

Western Motor, which until a year ago consisted chiefly of the Autocar car delivery company, was taken over in early 1987 as part of a management buy-in led by Mr Richard Palmer and Mr Bruce McNeill, two former Ford executives and backed by a consortium of institutional investors including Samuel Montagu.

The group has expanded rapidly with the subsequent takeovers last year of Penta, the Thames Valley-based car dealer which includes franchises for BMW, Jaguar, Rover, Peugeot, Saab and Vauxhall for £13.3m, as well as Satra Motors, the importer of Lada cars from the Soviet Union, for £20.6m.

The Lada importing business accounted for 72 per cent of group pre-tax profits, followed by the car transporter operations with 17 per cent and the car retailing dealerships with 11 per cent.

From a small base Lada was the second fastest-growing motor franchise in the UK last year with a 24 per cent jump in new car registrations to 25,294 units giving a 1.26 per cent share of the UK car market.

Mr Palmer, Western Motor's managing director, said that Lada sales were expected to exceed 30,000 units this year helped by the launch last November of the new Samara range, the Soviet car maker's first modern front-wheel drive hatchback.

Earlier this year Western Motor also acquired a 50 per cent equity stake in Proton Cars (UK), a company set up as the exclusive concessionaire for importing the Malaysian Proton car range, which is due to be launched in the UK at the beginning of next year.

Western Motor transported more than 200,000 new cars in the UK last year with its main contracts to Austin Rover, Citroen, Peugeot and Vauxhall. Turnover of the division rose by 6 per cent to £11.8m, while operating profit rose by 12 per cent.

Mr Palmer said the division would be boosted this year with the transport contract for Lada cars, and it would also be moving into parts distribution.

Bond lifts Allied-Lyons stake

Mr Alan Bond, Australian entrepreneur, has increased his stake in Allied-Lyons, the British drinks and food group, to 7 per cent, writes Lisa Wood.

Both Bond Corporation and Allied were taking a low key approach yesterday. Allied said: "Mr Bond keeps us informed of his buying and we have close trading links with him."

Allied brews and distributes Bond's Castlemaine lager brand in the UK under licence.

Clayform's £14m well on top of estimates

By Paul Cheeseright, Property Correspondent

Clayform Properties, the property development and investment group with retailing interests, yesterday announced sharply increased pre-tax profits, which comfortably exceeded market expectations.

Its share price rose 7p in response to close at 257p.

Profits for 1987 were £14.1m compared, with £5.01m. The rise reflected in part the sale of an office building in the City of London and a full year's contribution of rental income from a portfolio acquired in 1986 when Samuel Properties was taken over.

Earnings per share were 87.5 per cent higher at 27p. The final dividend is 5.7p, making 8.5p for the year, against 7.5p for 1986.

Net asset value per share was 229p, a 28 per cent increase over a year ago; but that understates the worth of the company as 40 per cent of its property and land are valued at cost.

The sale of investment properties, to complete the rationalisation of the Samuel portfolio, in addition to the sale of a stake in Percy Bilton, have been included in extraordinary profits of £5.7m.

Mr Bryan Burletson, the chief executive, expects further growth in profits this year, reflecting development sales in the pipeline.

● comment

Clayform moves into the current year in a strong position. The funding of developments over the past year, plus investment sales, have contributed to a reduction in gearing to 8 per cent. Rental income is sufficient to cover debenture charges, current interest costs and a portion of future dividends. Purchase of the group's own equity, not to be repeated at current market prices, will raise earnings per share faster than profits. There are enough developments coming on stream this year to secure earnings growth but the pearls in the development portfolio, like the Sheffield shopping centre, will not show up until later. Analysts are cautiously estimating 1988 pre-tax profits of about £17m to give earnings of 33p and a prospective p/e of about 8.

Pilkington in £32m Argentine disposal

Pilkington, the UK glass company, has sold a 40 per cent stake in Vidrieria Argentina SA (VASA), its Argentinian subsidiary, to St Gobain, the French glass and packaging group, for £32m cash.

The resulting combine will be the second Argentinian joint venture between the French and the UK company. They already collaborate in running a float-glass operation.

VASA makes a wide range of glass products.

Aquascutum improves 'across the board' despite strong pound

BY ALICE RAWSTHORN

Aquascutum, the classic clothing company which claims Mrs Margaret Thatcher as one of its most prominent customers, yesterday reported pre-tax profits of £2.9m for the year to end-January 1988. This compares with the previous year's £3.1m which, however, benefited from an exceptional rates refund of £648,000. Profit for the year before exceptional items advanced 19 per cent.

Mr Gerald Abrahams, chairman, said that the group had improved its performance "across the board". He said that export sales – which provided 64 per cent of turnover – had survived the rise in the value of the pound. However Aquascutum's profit margins were affected, especially in the US which is its biggest overseas market.

Mr Abrahams attributed the rise in the rate of taxation from 36 to 42 per cent to a change in the mix of overseas sales. The tax paid by the group increased to £1.2m (£1.1m). This led to a fall in earnings per share to 9.53p (10.74p), although earnings per share rose (from 8.48p) before exceptional items.

Nevertheless the board proposes to increase the final dividend to 2p making a total of 3p (2.5p) for the year. Aquascutum's sales rose to £48.3m (£41.5m).

The group now has four shops and 50 shop-within-shops in the UK. Its recently opened shop in New York – the first in the US – is now "doing well". It is considering plans to open more US outlets in the autumn.

Mr Abrahams said that, despite the continued strengthening of sterling, the present year has begun well.

● comment

For Aquascutum, as for every other exporter, the recent rise of sterling augurs ill. So far the group has been able to rely on the strength of its position in an expensive, less price-sensitive niche of overseas markets. Similarly it has benefited from reduced raw material prices and its ability to increase supplies to the US from its Canadian plants, rather than the UK. Adverse currencies may pose a pricklier problem this year and profit projections have been reduced to £3.5m or so. The fate of earnings per share rests on the eventual rate of taxation. Yet Aquascutum has been characteristically cryptic in its reluctance to explain the unexpected increase in tax last year, and is every bit as cryptic in its refusal to predict the probable rate for the present year.

Astra calls for £31m to finance purchase

BY DAVID WALLER

Astra Holdings, pyrotechnics and ammunition group, plans to raise £30.65m through a 22-for-25 rights issue to help finance the £35m acquisition of British Manufacture and Research Company (BMARC), the Oerlikon subsidiary which makes cannons and explosives.

Yesterday, as Astra spelt out the financing details of a purchase announced in principle last week, it forecast that in the year to the end of March it would make pre-tax profits – before any contribution from BMARC – of £6m, compared with £1m the year before.

Astra declared a final dividend of 0.52p per share, making 0.87p for the full year, against 0.35p for the previous 15-month accounting period.

The vendors will receive £27.3m in cash, and approximately £4.4m in shares based on the rights issue price of 27p. A £3m licencing fee is also to be included in the purchase consideration.

Furthermore, Astra has undertaken to repay loans of £7m outstanding with BMARC's former parent; it is also assuming bank borrowings of £17.7m.

BMARC and Royal Ordnance are the only two UK-based companies making cannon and related ammunition. BMARC suffered a loss of £2.57m last year, both before and after tax, on turnover of £33m.

At the end of last year its accumulated losses amounted to to £26.3m; net assets were £13.9m before a revaluation of land and property; its order book stood at £52m, of which £32m is for orders due for delivery within the current year.

Astra's shares, suspended at 36½p, are likely to be relisted next week.

US expansion for Metal Box

By Vanessa Houlder

Metal Box, packaging and container group, yesterday bolstered its US cheque and business form operations with the acquisition of two companies, Messenger Bank Printers and Printers and Encoders, for an undisclosed sum.

Messenger Bank Printers, a division of the Messenger Corporation in the US, is a printer of bank cheques and other encoded documents for financial institutions in Arizona, with a turnover of around $4m (£2.13m). Printers and Encoders produces financial documents for the banking industry.

Metal Box also announced the sale of its Jay Printing subsidiary to Exeter Capital LP, a New York based limited partnership for an undisclosed amount. The sale would enable the company's cosmetics packaging business to concentrate activities on its strategic businesses, Metal Box said.

Persimmon forecasts profits of over £20m

By Andrew Hill

Persimmon, housebuilder, yesterday forecast pre-tax profits in excess of £20m for the year to December 31 1988, which would be an increase of nearly 59 per cent over last year's figure.

The company also announced a one-for-five rights issue, which will raise about £17m, to fund continued organic growth.

Four weeks ago the company pleased the City by announcing it had doubled taxable profits to £12.6m in 1987.

At the time, analysts increased their 1988 forecasts to about £17m or £18m.

Barring unforeseen circumstances, Persimmon expects to pay an interim dividend of at least 1p this year and a final of 2p.

This compares with 2.25p for the full year in 1987.

Mr Duncan Davidson, chairman, said yesterday: "We have just had the first quarter figures and made the forecast on the basis of the sales and profits level we have achieved and the forward sales we have already got."

Initially, the cash raised by the rights issue will be used to reduce bank borrowings, which stood at £18.2m on March 11.

However, Mr Davidson said the principal reason for the issue was to allow the York-based company's 12 operating subsidiaries to take advantage of opportunities to expand their land bank.

This currently consisted of some 9,000 plots, representing about four years' supply of land.

The issue, fully underwritten by Hambros, is priced at 140p per share.

Yesterday Persimmon shares rose 4p to close at 168p.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Abbey Life	fin	7.25	-	5.5	10.25	8
Alva Inv Trust	int	1.3	-	1.3	-	3.91
Aquascutum	fin	2	June 3	1.7	3	2.5
Astra Hldgs	fin	0.52	Oct	0.35	0.87	0.35††
Beckman (A)	int	1.95	June 6	1.95	-	5.73
Bonded Laminates	fin	2§†	May 25	-	-	-
Brammer	fin	8	July 1	6	12.5	12.5
Clayform Props	fin	5.7	-	5	8.5	7.5
Erith	fin	2	June 1	1.5*	3*	2.15*
Finlay Packaging	fin	3.25	June 13	2.75	4	3.5
Kleinwort Benson	fin	8.7†	May 31	8.7	14	14*
MS Cash & Carry	fin	2.76§	-	2.49	3.5	2.95
Newman Inds	fin	1	June 7	0.8	1.5	1.2
N Midland Const	fin	1.2	-	1	2	1.8
Rubaroid	fin	2.5	May 13	2.7*	4.2	3.5*
S & P Sterling	int	0.09	-	-	-	0.09
Sun Alliance	fin	21	-	18	31	28.5
Sutherland	fin	0.77	-	1.57	1.1	3.38
Telfos Hldgs	fin	3†	-	2.15	5	3.6
Western Motor	fin	5	-	-	5	-

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ¶Unquoted stock. ‖Third market. ‡For 18 months. ‡For 16 months. ††For 15 months.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

[illegible]

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY–Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

[illegible]

OUTPUT–By market sector: consumer goods, investment goods, intermediate goods (materials and fuels), engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

[illegible]

EXTERNAL TRADE–Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

[illegible]

FINANCIAL–Money supply M0, M1 and M3 (three months' growth at annual rate); bank lending to private sector; building societies' net inflow; consumer credit; all seasonally adjusted. Clearing bank base rate (end period).

[illegible]

INFLATION–Indices of earnings (Jan 1980=100); basic materials and fuels; wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100).

[illegible]

Abbey Life surplus grows by 24%

BY ERIC SHORT

Abbey Life Group has reported a 24 per cent growth in the annual surplus for 1987 from £38.8m to £48m, a figure that included £3.8m against £1.5m from the unit trust and other non-life subsidiaries and £1.4m from a pension holiday.

A sum of £28m is being transferred from the long-term assurance fund to profit and loss compared with £22.4m previously.

As a result the recommended dividend is to be increased 28 per cent from 8p to 10.25p per share.

The group's actuary has made a provision of £10.5m against future AIDS claims - an amount judged more than adequate on the current state of knowledge and expected progression of the disease.

However, this provision has been made from the accumulated surplus in the long-term assurance fund which rose from £110.5m at the beginning of 1987 to £127.1m at the end of the year. The free distributable surplus rises from £96.7m to £122.9m.

Since the AIDS liability relates to business written in previous years, the actuary considers the provision justified as a below the line item.

As already reported, Abbey Life managed a 19 per cent growth in new business in 1987 measured by initial commissions, and this growth trend was continued during the first quarter of 1988.

Mr Michael Hepher, chairman and managing director, expects this momentum to build up during 1988 with the marketing opportunities offered by the implementation of the Financial Services Act and new pensions legislation.

Michael Hepher: expects momentum to increase

● comment

Abbey Life's profit figures turned out even better than the market was anticipating thanks to higher life surplus and the unexpected windfall of a contribution holiday to the company pension scheme. The strong profits growth reflects the steady progression in new business acquired in previous years, the benefit of which is coming through. The outlook for this year is for continued profit growth from the life and pensions operations. The launch last year of Living Assurance, a new concept in long-term insurance, was an immediate success and the benefit should continue this year since no other major life company has followed Abbey Life's lead. This profit growth will more than offset an expected decline in unit trust profits and the contribution holiday will continue for a year or two at least - profits of around £54m are anticipated, with any further AIDS reserves coming out of accumulated surplus. The share price up 8p to 258p reflects the confidence shown by the group with its strong dividend increase.

Brammer shows upturn after £1m shortfall

BY ANDREW HILL

Profits at Brammer, the mechanical equipment distribution and rental group, fell to £11.5m before tax in the year to December 31, against £12.6m in 1986.

This is the second consecutive year in which pre-tax profits have dropped by £1m, but Brammer said trading had improved since September and recommended maintaining a final dividend of 8p. That makes 12.5p for the year, unchanged since 1986.

Turnover fell to £97.7m (£103m), mainly because of the sale of some loss-making subsidiaries. Disposal costs of £429,000 were included as an extraordinary loss. The tax charge came down from 36 per cent to 33.6 per cent, but earnings per share still dropped 1p to 18.1p.

Brammer shares rose 10p following the company's positive statement and closed last night at 233p.

Mr John Head, outgoing chairman, said yesterday: "Recently there has been a dramatic change in Brammer and a lot has been done. All that has to be digested, but the company is now much better positioned for the future."

The results were adversely affected by a disappointing performance from Brammer's relatively young rental division. The cost of developing new companies in Italy and Switzerland hit trading profits, while the need to move the division's offices and computer hindered growth.

The company said the other subsidiaries, which include its core bearing distributor, performed reasonably well. Operating margins were recovering, after falling in the last two years from 14 per cent to 12.3 per cent.

● comment

Brammer did not think it would take three years to reorganise and there have been problems en route. However, the one-time bearing distributor is now active in the much larger – and more volatile – equipment rental market. Bearings will continue to support profits, but the rental arm offers greater potential for growth. To back this up, Brammer is looking to publicise its distribution and rental divisions to a wider audience and this should broaden its base of small customers. At the same time the group hopes to persuade larger clients to use its service and will stay alert for opportunities to expand the rental sector. Meanwhile, shareholders are receiving some reward for their patience: the maintained dividend gives a respectable yield of over 7 per cent. In other respects the shares still look rather expensive, with forecast pre-tax profits of between £13.5m and £14m this year giving a prospective multiple of about 11.

Yale and Valor quits kitchen sector

By Clay Harris

Yale and Valor, the locks and domestic appliances group, has sold United Kitchens, a Taunton-based manufacturer of kitchen cabinets. The disposal ends the group's small but troubled involvement in fitted kitchens.

Yale and Valor yesterday also announced the sale of Crewsaver, a maker of marine safety equipment based in Gosport, Hampshire. The companies are being sold for a total of £3.3m to their respective managements, which competed with other potential buyers.

United, which mainly supplies private housebuilders, is Yale and Valor's last operating subsidiary in the kitchens sector.

Major Circle (formerly Valor Kitchens), a direct-selling subsidiary unrelated to United, was put into voluntary liquidation in January 1987 with debts exceeding £7.6m, of which all but about £550,000 was owed to the parent group.

The liquidation is still in progress and no funds have yet been distributed to creditors, according to accountants Leonard Curtis and Co., whose senior partner, Mr Philip Monjack, is liquidator.

In April 1987, Yale and Valor began to run down the franchise network of Lifestyle Kitchens UK, another selling subsidiary which had been set up in 1986 shortly after Major Circle stopped taking orders, and encouraged customers to buy direct from United.

Alexandra Workwear up 32% after year of all-round growth

BY ALICE RAWSTHORN

Alexandra Workwear, which manufactures and supplies clothing for the workplace, yesterday announced a 32 per cent increase in pre-tax profits to £5.1m in its last financial year on turnover which rose by 23 per cent to £40.7m.

The group achieved growth in both sales and profitability in every area of activity during the year according to Mr Granville Davis, non-executive chairman. He said that demand has since increased steadily and that he anticipated "another excellent year".

Mr Davis, whose great-grandfather founded Alexandra over a hundred years ago, intends to retire as chairman at the end of this year. His wife, Mrs Pauline Davis, will retire from the board later this month. Mr Davis will be succeeded as chairman by Mr John Prior, who became chief executive last year.

In the year to January 30 earnings per share rose to 10p (7.9p). The board proposes to pay a final dividend of 2.1p making 3.2p (2.58p net) for the full year.

Alexandra invested £1.9m in capital expenditure last year. The expansion of its Scottish production base increased output and improved productivity and involved the creation of 200 new jobs. It has the scope to increase output by 50 per cent.

The group has bought a new warehouse next to its existing distribution centre in Bristol. It is presently experimenting with the introduction of semi-automatic stock handling systems. Capital expenditure reach £1.9m again this year.

In the medium term Alexandra plans to develop its business in Europe. It increased overseas sales to £2.6m (£1.7m) last year. Mr Prior said that further growth was expected but that the development of the European market would be a "slow, steady process".

● comment

Yet again Alexandra has presented an impeccable set of results with healthy sales growth, higher productivity and improved margins. The expansion into Europe could be a long haul, but in the meantime it can rely on a buoyant home market to maintain momentum. The apparently effortless growth of once dowdy workwear shows no sign of abating. New customers, like finance houses, are kitting out their employees in "corporate uniforms". Old customers, like retailers, are treating their staff to smarter, more stylish workwear. The only hitch is that the City could come to expect too much from Alexandra. A prospective p/e of 14, assuming profits of £6.1m, is already demanding for the textile sector. It would be even more so should sales growth stumble or margins falter.

Bonded Laminates surges

Bonded Laminates Profiles, manufacturer of wood laminates, edgebanding and wrapped mouldings, yesterday reported taxable profits for 1987 up 66 per cent to £956,000.

The full year results, the group's first since being placed on the USM last May, were scored on turnover up from £5.3m to £7.91m. Figures for 1986, originally for a 13-month period, have been pro-rated to provide a 12 month comparative and included an exceptional debit of £80,000.

Mr Philip Maurice, chairman, said the profit increase was achieved after writing off initial losses and start-up costs in the US of £123,000.

Both UK operations met increased demand over a successful year, he said. Output of wood edging at Bonded Laminates had expanded by 60 per cent with a 25 per cent increase in real wood laminate production. Exports continued to rise and now contributed some 30 per cent of turnover.

A proposed final dividend of 2p makes a total of 3p for the year (nil) from earnings per 10p share of 7p (4.6p).

Finlay rises 20% to £1.2m

A modest increase in turnover from £8.88m to £9.03m is reported for 1987 by Finlay Packaging, colour printer and packaging materials company. Pre-tax profits, however, rose 20 per cent from £973,000 to £1.17m.

A final dividend of 3.25p is recommended (2.75p), making 4p (3.5p) for the year. Earnings per share came out at 8.9p (7.33p).

Tax took £407,000 (£344,000) and there was an extraordinary profit of £4,000 (nil) on redemption of debentures.

Hillsdown sells grain business

BY NIKKI TAIT

Hillsdown Holdings, the food, furniture and property group, is selling the grain operations of Maple Leaf Mills, the Canadian agriproducts company which it acquired in July, to Cargill, the privately-owned US grain trader.

Consideration for the Maple Leaf grain business is C$40m (£17.2m) cash. The grain operations formed one of eight divisions ranging from flour and bakery products to poultry and animal feed. The grain business takes in 24 country elevators in south west Ontario and four transfer elevators in Ontario and New Brunswick.

In 1987, the division saw sales of C$133m; profits after tax totalled $1.1m. Book value of assets being sold is $28m.

Hillsdown purchased Maple Leaf for C$361m last July, and has since been reviewing the business. As a result, the British company said it had decided "grain is not a business for us - it is a very basic operation, not one you can add value to."

Yesterday, Hillsdown's finance director, Mr Kevin O'Sullivan, added that he would not rule out other small disposals from Maple Leaf, but did not anticipate major sales.

Partly as a result of the Maple Leaf deal, Hillsdown's gearing rose to well over 100 per cent last year, although that had eased to 94 per cent by the year-end. The company has repeatedly said it believes the level can be reduced further thanks to a combination of strong cash flow and disposals.

London Forfaiting on target

BY PHILIP COGGAN

London Forfaiting, the trade finance group which recently joined the Unlisted Securities Market, has met its flotation profits forecast of £16.5m.

Trading income for the year to December 31 was £33.1m (£25.3m) and after net interest payable of £10.96m (£6.04m) and administrative expenses of £5.65m (£5.29m), pre-tax profits amounted to £16.55m (£13.89m). Tax took £2.77m (£2.6m), leaving earnings per share 25 per cent higher at 17.01p (13.6p).

The company's offer-for-sale was marginally oversubscribed but the shares have lagged behind the offer price of 160p. British & Commonwealth Holdings retain a 40 per cent stake in the group.

Forfaiting is a technique used to provide credit to exporters and has grown substantially in recent years as the government's role in providing export credit has been reduced.

Mr Jack Wilson, chief executive, said that UK exporters accounted for a much larger proportion of the group's transactions last year. This was significant since UK exporters had traditionally relied on the Export Credits Guarantee Department for medium term trade finance.

He added that the company's profitability for the first three months of 1988 had already shown improvement on the same period of 1987.

The company said that it intends to pay a dividend of not less than 6.5p in respect of 1988. An interim dividend of 2.5p per share is expected to be paid in October and a final in May 1989.

Memory Computers

Memory Computers, Dublin-based computer systems group, reported a 21 per cent rise in pre-tax profits in the six months to end-December 1987 from I£86,000 to I£104,000 (£88,890). This was achieved on sales up 57 per cent from £3.74m to £5.87m.

Profit after tax came out at £89,000 (£92,000) and earnings per share at 0.35p (0.22p).

The directors said the cost of the recent reorganisation of the USM-quoted group was reflected in the results. They were confident that progress would continue due to current orders and market trends.

A. Beckman up 19%

Taxable profits at A. Beckman rose 19 per cent in the six months to end-December 1987 from £833,000 to £979,000. Turnover was up from £7.24m to £7.96m.

The interim dividend is being held at 1.95p on earnings per share of 6.3p (10.5p).

Some recovery for M6 Cash & Carry

SOME RECOVERY was made in the second half of 1987 by M6 Cash & Carry.

Turnover and contributions in the first quarter of 1988 were ahead of last year, and the directors said they were looking for an "enhanced result".

The USM-quoted group, distributor of food, drink and non-food products through cash and carry units and operator of a delivered trade service, saw 1987 turnover rise to £71.57m (£69.57m) but pre-tax profits fall from £1m to £754,000.

All the reduction came in the first half.

Net interest receivable was cut to £35,000 (£121,000) while in 1986 there was an exceptional write back of £53,000 stock provision.

Earnings were 7.34p (11.72p) and the final dividend is 2.74p for a total of 3.8p (3.53p).

Cash and carry turnover rose 13 per cent, with established outlets ahead 6 per cent; the Blackburn unit should contribute to profits later this year.

Delivered trade wholesaling lifted turnover and contribution by almost 50 per cent, and accounted for 7 per cent of total sales.

Telfos 14% ahead

Telfos Holdings, maker of non-ferrous metal products and metal spraying equipment, reported a 14 per cent increase in pre-tax profits for 1987. On turnover ahead from £7.91m to £10.98m the pre-tax result came out at £1.72m against a previous £1.5m.

A final dividend of 3p (2.15p) is recommended for a 5p (3.6p) total.

The tax charge rose to £540,000 (£235,000).

Erith profits expand 51% to over £4m

With buoyant conditions throughout the whole of 1987, builders' merchants Erith lifted its pre-tax profit by 51 per cent, from £2.94m to £4.43m.

The result was achieved entirely from the continuing expansion and development within the existing branch network, the directors said.

Earnings improved from 5.58p to 7.41p and the dividend is lifted from 2.15p to 3p after allowing for the 100 per cent scrip. The final is 2p.

Turnover in 1987 rose to £71.45m (£59.38m) and operating profit to £4.52m (£3.17m). Net interest paid was cut to £98,000 (£227,000).

Sutherland recovers

Reduced costs and improved volume prompted a second half recovery at Sutherland Holdings, the USM quoted food products group.

In the 53 weeks to January 2 1988, turnover more than doubled to £49.19m (£22.94m) and taxable profits rose to £980,000 against £256,000 last time, although the 1986 figure took an exceptional debit of £246,000 into account.

Earnings per share worked through at 2.5p (1p) after an extraordinary charge of £52,000 and a final dividend of 0.77p is proposed making 1.1p (0.3p) for the year.

Anglo-Eastern rises

Anglo-Eastern Plantations lifted pre-tax profit from £288,000 to £427,000 in 1987 on turnover up from £1.28m to £1.51m, but no dividend payment has been recommended.

Tax paid was £136,000 (£170,000) and earnings per share came out at 1p (0.6p).

Rowntree buys

Rowntree, the York-based confectionery group, has acquired Richards (Cakes) for £2.5m cash.

The acquisition has been made by Rowntree's subsidiary Restaurants International which runs Richoux, a small chain of restaurants. Richards, which made a pre-tax profit in 1987 of £253,000, operates 10 restaurants and patisseries in London.

Colorgraphic

Colorgraphic has acquired Blackwood Pillans & Wilson, Edinburgh-based printer, for an initial £1.27m. Total purchase price will not exceed £1.8m.

COMPANY NEWS IN BRIEF

BOUSTED has sold a freehold property at Artillery Lane, London, to Jersey-based IBJ Properties for £2.8m cash.

BROMSGROVE INDUSTRIES: share issue offer to holders in connection with acquisition of Richard Arnold and Eurocast Bar accepted in respect of 2.58m new shares (88.8 per cent of offer).

DWYER has exchanged contracts to purchase Ambassador House at Thornton Heath, Surrey, for £2.45m in cash and shares. The vendor of the property, which is leasehold with 99 years unexpired, is Union Group, a property investment company headed by Mr Peter Lewin, formerly joint managing director of Clayform Properties.

HOLLIS has made two acquisitions. It has bought Dorset-based Yorkover, which trades as Canford Law Stationers, for £1.6m. Canford is a distributor of stationery and office supplies to the legal and other professions and reported turnover for 1987 of £1.2m and adjusted pre-tax profit of £260,000. The second acquisition was of Taramac Systems of Denver, Colorado, which is a supplier of microcomputer systems for school administration. Consideration was $1.6m (£855,000).

LOPEX has acquired MSR, a selection consultancy specialising in sales and marketing appointments, for an initial £1.02m and possible deferred profit-related payments to a maximum of £3m. MSR will become part of Lopex's WBH Group.

PLESSEY, the electronics group, said it had acquired control of Leigh Instruments, Canadian avionics company. Plessey's bid, valuing Leigh at about C$100m (£43m), was recommended by the target company's board last week.

SAVE & PROSPER Sterling Deposit Fund: Net income available fordistribution £5.73m (£1.11m) for six months to February 29, 1988. Interim dividend 0.69p.

TOOTAL has sold its Bradgate Textiles and Jenham Jersey Fabrics operations to Melton Medes for an undisclosed sum. Combined sales to third parties of the two business in the last financial period to end-January amounted to £5.7m.

UNION DISCOUNT group has acquired Herald Financial Services, a national lessor and lease broker specialising in the medical, dental and optical professions. In the year ended February 29 1988 it was responsible for arranging finance of £11.5m.

WEST YORKSHIRE Independent Hospital: increased offer from Community Hospitals accepted by shareholders representing 260,368 shares (6 per cent of equity). Community Hospitals now owns or has acceptances for 52.4 per cent. Increased offer declared unconditional and remains open until April 20.

Copper market 'may be moving to oversupply'

BY RICHARD MOONEY

THE COPPER market is likely to move from a supply/demand deficit to a modest surplus this year and major oversupply could be seen next year, says Shearson Lehman Hutton.

The London broker forecasts, in its quarterly report on copper, that a supply upturn and stagnation to demand will result in a build-up in stocks "gradually at first and then much more quickly next year."

Yesterday a fall of £29.50 left the London Metal Exchange's cash grade A copper price at £1,295.50 a tonne, already more than £300 below the peak reached just after Christmas.

However, Shearson sees further downward potential for prices this year.

It says: "We believe that the market will essentially be very weak from May-June onward. However, we do not expect copper to revert all the way to the 55-66 cents a pound ban, at least not in the current year."

Factors expected to cushion the fall include the dollar's weakness and – more importantly, says Shearson – the continuing low level of stocks, by historical standards.

The report notes signs that mine-capacity utilisation rates are rising.

This, with the low stock level, will leave the market vulnerable to any serious supply disruptions and/or to unexpectedly resilient demand.

For this first half Shearson makes a "high estimate" for the New York Comex first position average of 110 cents a pound and a "low estimate" of 95 cents a pound.

Its "best estimate," which compares with a second-half average last year of 91.5 cents a pound, is put at 102 cents a pound.

For this second half it sets the "high estimate" at 101 cents, the "low estimate" at 75 cents and the "best estimate" at 78 cents.

Its "high estimate" for next year is 85 cents a pound, the "low estimate" 68 cents and the "best estimate" 71 cents.

Shearson forecasts that with mid-year mine capacity for this year put at 8.24m tonnes (copper content) and mine utilisation at 84 per cent (up from 82 per cent last year), non-socialist world mine production would be 6.91m tonnes.

Allowance for smelter and refinery losses, and for export of concentrate and blister to Eastern bloc countries, reduces this to 6.8m tonnes.

Secondary refined production is put at 1.2m tonnes, lifting total refined output to 8m tonnes.

Non-socialist consumption is forecast at 7.86m tonnes and net exports to Eastern bloc countries at 10,000 tonnes, leaving an implied surplus of 130,000 tonnes.

That would end a sequence of four deficit years in which an aggregate shortfall of 1.42m tonnes was accumulated.

For next year Shearson expects mine capacity to rise further to 8.54m tonnes and the utilisation rate to 86 per cent.

This would lift mine production to 7.38m tonnes and total refined output to 8.35m tonnes.

With refined consumption projected to fall by 60,000 tonnes and Eastern bloc exports to rise by only 10,000 tonnes, that would leave a surplus of 530,000 tonnes.

Zimbabwe tobacco sales open buoyantly

By Tony Hawkins in Harare

ZIMBABWE'S fine-cured tobacco sales opened yesterday on a buoyant note, with the daily average price up 41 per cent on last year's opening price at 270 cents.

After adjusting for currency changes this season's opening price at 157 US cents a kilo was 35 per cent higher than a year ago.

Buyers said they were impressed with the high quality leaf.

The mood on the floors pointed to a marked improvement in prices this year.

However, it would be wrong to read too much into the first day's average price: the volume of leaf sold was small; traditionally it takes several weeks for a clear trend to establish itself.

An official of the Zimbabwe Tobacco Association, which represents the growers, said he was pleased at the upbeat market atmosphere.

He believed demand would be significantly stronger this year. Brazil had produced a good-quality crop but Brazilian domestic consumption was rising sharply and would cut into exports to some extent.

The auction floor-price is expected to firm over the next few weeks and reach peak levels in excess of 350 cents a kilo (203 US cents) in July-August.

Even on the first day's sales some top-quality bales were fetching 450 cents a kilo (260 US cents). This suggests a seasonal average close to 350 cents (203 US cents) is possible.

Potato futures falling into line

BY RICHARD MOONEY

A SHARP fall in the prompt delivery price on the London Potato Futures Market over recent weeks has delighted Mr Bill Englebright, the market's joint secretary.

He sees the move as evidence that efforts to educate growers about the workings of the market are beginning to pay dividends.

He says: "The price drop has been primarily due to the fact that growers are indicating that they are going to deliver potatoes to the market.

"They have found the confidence and the courage to cash in on excessive premiums for futures over physicals."

This would be in sharp contrast to the situation last spring, when many growers took heavy losses on futures rather than face the risk of having deliveries rejected.

The high futures premium ruling then sparked an acrimonious dispute. The Potato Marketing Board made accusations of price manipulation.

It called on the London Potato Futures Market Association to use its emergency powers to correct the "gross distortion" in the relationship between the futures and physical prices.

At about £170 a tonne the April-delivery futures price at that time was about £65 above the board's average price, which most futures traders agreed was excessive.

However, they rejected charges of manipulation, blaming it on growers' unwillingness or inability to deliver to the market.

The general level of the UK potato market has been lower this year, reflecting plentiful supplies.

However, until about two weeks ago the April futures premium over the board's average was actually a few pounds higher than it had been a year earlier.

The last week of last month saw a fall of nearly £18 in the April price and, although the board's price has edged down too, the premium has been cut to a little below £50 a tonne.

Mr Robin Pooley, board chief executive, also welcomes the fall in the April-futures price, which expires next week, but he disagrees with Mr Englebright's diagnosis and insists it has not yet gone nearly far enough.

Mr Pooley says: "Futures traders have realised that their high price expectations were unfounded. A futures price of nearly double the physical market was unsustainable. Something had to give."

He sees no reason why potato futures should command a substantial premium over the board price: "If the futures market is to maintain credibility it must clear potatoes at about the PMB average."

However, futures traders see no prospect of this. Mr Adam Peel, of J.W. Gaskell Commodities, says transport, storage and grading charges justify a premium of about £20 a tonne and that quality needs to be substantially above that represented by the PMB average in order to meet the futures markets' standard.

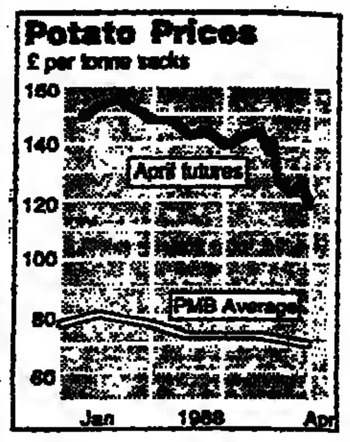
He says a fair basic price for a good-quality sample would currently be close to £100 a tonne. This happens to be just more than £20 a tonne below yesterday's April-position close on the futures market.

His view is backed by Mr John Anderson, a researcher at the East of Scotland College of Agriculture who has been studying potato markets.

Mr Anderson says the board's average covers a wide range of potatoes, most of which are not submitted to inspectors on delivery.

However, supplies tendered to the futures market are all inspected, by Ministry of Agriculture officers, against the board's own "ware prescription."

Potato Prices
£ per tonne sacks



He says the physical price range is about £80 a tonne, with the board average in about the middle.

The board prescription allows only 5 per cent sub-standard or damaged tubers in a sample. Mr Anderson estimates that would justify a price of about £100 a tonne at present.

A further 5 per cent tolerance is permissible on deliveries to the futures market, with failure rates above 5 per cent resulting in allowances against the futures settlement price.

Comex proposes change for aluminium

THE New York Commodity Exchange (Comex) has proposed changes in its aluminium contract to bring it closer to the London Metal Exchange's high-grade contract, the Commodity Futures Trading Commission said yesterday, Reuter reports from Washington.

The commission said, in a notice in the Federal Register, that Comex had proposed to allow a new grade of higher-quality aluminium to be delivered against its futures contract, deleting a grade and changing the contract size.

The commission is seeking public comment on the proposal, which it said was "of major economic significance."

Commission officials said the proposed changes in deliverable grades could affect aluminium prices, existing positions or supplies.

Comex has proposed to:

● Delete American National Standards Institute grade P1535A aluminium as deliverable at a discount.

● Allow delivery at par of aluminium with a minimum purity of 99.70 per cent with no more than 0.20 per cent iron and 0.10 per cent silicon.

ANSI grade P1020A would continue to be deliverable at par.

Comex, in its proposal to the commission, said deletion of P1535A aluminium would take into account "the reduced levels of production and marketing of this grade."

Comex has also proposed increasing contract size to 44,000 lb from 40,000 lb.

The changes would apply to existing and newly-listed contracts.

Comex said: "The Exchange has determined to modify the aluminum contract to replicate, to as great an extent as possible, the high-grade aluminum contract proposed by the London Metal Exchange."

However, a commission official said it was not clear whether lower-grade P1535A aluminium would continue to be deliverable against the Comex contract.

Maize move by US 'inequitable'

BY NANCY DUNNE IN WASHINGTON

MR RICHARD Lyng, US Agriculture Secretary, has bent but not bowed to congressional pressure to keep millions of tonnes of maize in the so-called farmer-owned reserve stores.

Last week he said the US Department of Agriculture would continue to pay farmers to store some of the maize.

However, all the stored wheat, estimated to be as much as 358m bushels, would have to come out of the reserve to be turned over to the Government or sold on the open market.

Under the department's commodity reserve as collateral for government loans.

When notes fall due, farmers have the option to repay loans or forfeit collateral crop to the Government.

In the past, when surpluses have been large, the department has agreed to extend the loans – so that the grain can be held until prices rise – and has paid part of the cost of storage.

However, this year the department wants to take possession of the wheat. It uses government surpluses for several schemes, like subsidies under the Export Enhancement Program or thrice-weekly auctions to provide plentiful supplies for exports.

Mr Lyng said he agreed to keep some maize in the farmer-owned reserve to help ease transportation difficulties expected when massive supplies of wheat and maize are forced from the reserve.

Mr Frank Johannsen, president of the National Association of Wheat Growers, said USDA was treating the commodity groups inequitably by extending loans on some maize but not on wheat. Most growers would be forced to forfeit crops.

He said: "Grain-farmers have a right to expect even-handed treatment from the USDA. Forcing farmers to forfeit their loans only broadens the Government's role in markets."

Stilfontein mine to lose gold in shaft repairs

By Jim Jones in Johannesburg

ABOUT ONE tonne of gold will be lost when Stilfontein goldmine, Transvaal, ceases production for about two months while the main operating shaft and its equipment are repaired.

The shaft's bottom 200 metres were damaged last Friday by a fall of ground. The bottom and workings are flooded because of pump-failure. Stilfontein Goldmining says two months will be needed to restore the pumps to full-capacity operation.

Late last year it announced plans to cut employee numbers and ore production rates as a means of conserving the mine's remaining underground reserves.

Nevertheless it is unlikely that underground production will continue for more than four years.

Shearing experiences for New Zealand's farmers

BY TIM DICKSON, RECENTLY IN NEW ZEALAND

IN THE mid-1960s Alec Auld was a sheepshearer, saved money and bought his first farm, 500 acres of good pasture in Te Akau district, directly west of Hamilton, North Island, New Zealand.

He built cattle and sheep stock, leased extra land and acquired a second holding of the same size in 1981 when hill-country farmers were urged to diversify.

The move was, with hindsight's benefit, ill-timed. Today Mr Auld is a not untypical victim of the extraordinarily harsh political and economic climate which has hit farmers in New Zealand over the past three to four years.

The pain started when Mr David Lange, the Labour Prime Minister, stripped subsidies almost overnight in 1984.

The situation has worsened with the high interest rates and overvalued exchange rate, at least against US and Australian dollars, which inevitably accompanied tight monetary and anti-inflationary policies.

Mr Auld still shears sheep; now, however, it is to cut his own labour costs and to avoid going under.

The picture is not all bleak: world wool prices are buoyant; international dairy prices are improving.

By all accounts many farmers not saddled by debt will end this year with little more to worry about than a tax problem.

That is cold comfort for Mr Auld. In 1986-87 his NZ$160,000 (£55,000) gross income fell to about NZ$80,000 after costs. He is expecting to end with about the same amount this year.

That income has to provide not only living costs but school-fees for two children. Because of the farm's remoteness they have to attend boarding-school in distant Hamilton.

Mr Auld says: "My biggest problem has probably been inflation, which has been around the 15 to 20 per cent mark for the past two years.

"I have probably not been earning a lot less overall but all my costs, such as rates, electricity and fertiliser, have shot up.

"Capital equipment like the car and my Land Rover are more expensive to replace but at the same time the prices we receive have not kept pace with inflation."

He says he is lucky to be fairly well spread with 3,500 ewes, mostly Romney producing wool and lamb, and 120 Angus cows.

He expects to receive this year about NZ$68,000 for wool, compared with NZ$61,000 in 1986-87; NZ$32,000 from lamb, 10 per cent up on the previous, very depressed level; and about NZ$73,000 from the cattle, similar to the past 12 months.

Lambs of 13 kg returned as little as NZ$11 each last month, compared with NZ$13 to $14 six months ago and NZ$20 to $25 before subsidies were lifted.

Beef prices are down from NZ$2.70 three years ago to about NZ$1.80 a kilogram today but Mr Auld has compensated here by raising numbers.

Wool is the one bright spot, at NZ$4, against NZ$3.30 a couple of years ago.

Mr Auld's biggest headache is spiralling costs. Interest charges on his NZ$265,000 debt are more than NZ$3,500 higher in 1986-87, in spite of repaying NZ$15,000 of principal.

He says an option would have been to increase his borrowings over the past couple of years but "we didn't do that and I think it was right.

"I know a lot of people who did but with the high interest rates they have been in trouble and are not able to sustain production in the way they intended."

None the less, to keep up his payments to the bank Mr Auld has made other sacrifices. The main one has been the annual NZ$5,000 he used to spend on fertiliser.

He says: "I fertilised the land reasonably regularly in the early years so I decided to cut my weed-control costs by around NZ$10,000.

"I have also cut ewe numbers by 10 per cent and saved quite a lot of money by shearing about 2,000 sheep a year myself. At NZ$1.20 per animal this is one of the bigger costs."

No longer having the luxury of full-time labour and with 1,250 acres to look after Mr Auld reckons he is at full stretch. He sees no scope for further economies.

He is hoping for a fall in the exchange rate but, unlike some of the more militant farmers, accepts philosophically that the Government's priority lies with keeping inflation and import prices under control, and cutting cost of the vast overseas debt.

Of subsidies he says: "The farming community objected to them because we saw them as a subsidy for the rest of New Zealand, notably for the processors at the freezing-works.

"The Farmers' Organisation broadly supports government policy. The trouble is, if you free up everything there is a danger that you will bring farmers back to the peasant level."

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 2,280-2,300 (same).

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse, 5.55-5.70 (same).

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots 8.50-8.95 (8.40-8.90), sticks 8.50-8.95 (8.40-8.90).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 6.85-7.10 (6.85-7.05).

MERCURY: European free market, min 99.99 per cent, $ per 76 lb flask, in warehouse, 283-295 (285-295).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.75-3.90 (3.75-4.15).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 10.40-10.70 (10.40-10.60).

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit (10 kgs) WO, cif, 55-60 (55-59).

VANADIUM: European free market, min 98 per cent, VO, cif, 3.10-3.20 (3.05-3.15).

URANIUM: Nuexco exchange value, $ per lb, UO, 16.30 (same).

WORLD COMMODITIES PRICES

LONDON MARKETS

LONDON METAL Exchange nickel prices yesterday relinquished the gains registered either side of the Easter holiday with the cash position falling $900 to $19,350 a tonne. The recent confident mood seemed to have been severely dented with nervous traders predicting a further "downside correction." They said the market had become overbought before Easter when the cash price reached an unprecedented high of $23,500 a tonne. Copper prices continued their slide, meanwhile, with the cash Grade A position losing another £29.50 to £1,295.50 a tonne and the three months position down £25.25 to £1,222 a tonne. Dealers said sentiment was influenced by the tone in the New York market and by the retracement of aluminium from recent record highs. Zinc prices steadied somewhat following the recent fall as some speculators returned to the market.

SPOT MARKETS

		+ or -
[illegible]	[illegible]	[illegible]

COCOA £/tonne

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

COFFEE £/tonne

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

SUGAR $ per tonne

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

GAS OIL $/tonne

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

GRAINS £/tonne

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

POTATOES £/tonne

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

WOOL

Renewed emphasis on sterling strength is the main development over the Easter weekend. There is a traditionally softening effect on imported wool costs. More important in present conditions is the potentially adverse effect on export prospects, and the chance that competitive imports in some cases could make inroads into the domestic market. The Bradford market tends to assess all this unhappily at present mainly because only limited amounts of new business have been placed for some time. Declining order books are never welcome, and there are still hopes that improvement is round the corner. Prices everywhere show little actual change.

LONDON BULLION MARKET

[illegible]	[illegible]	[illegible]

LONDON METAL EXCHANGE TRADED OPTIONS

	Calls	Puts
[illegible]	[illegible]	[illegible]

US MARKETS

PRECIOUS METALS fell to near-term support levels following the announcement of the possible G-5 meeting next week which led to a strengthening of the U.S. dollar, reports Drexel Burnham Lambert. Trade and fund selling touched off commission house stops and prompted local long liquidation. The markets held support levels, except silver where 650 basis May was penetrated, as the markets closed on the lows of the day. Copper, too, was weak, though in light volume, and held the support at 10350 basis May, rallying towards the close on short-covering. Energy futures were quiet, easing slightly. Coffee rallied in light volume on speculative short-covering, cocoa rallied on fund buying following early trade buying, although trade selling was noted at the highs. Sugar closed mixed, early commission house sell stops saw prices decline, but trade buying took values to the highs were trade and commission house selling emerged to drive prices lower. Cattle futures rallied reflecting an improvement in live cattle cash values, hogs came under pressure from weaker cash prices, and pork bellies were quiet, tending to consolidate.

New York

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
May	16.70	16.79	16.75	16.64
Jun	16.60	16.68	16.63	16.53
Jul	16.52	16.61	16.56	16.46
Aug	16.46	16.54	16.49	16.46
Sep	16.43	16.49	16.43	16.37
Oct	16.36	16.45	16.39	16.33
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low
May	657/2	[illegible]	[illegible]
Jul	676/4	[illegible]	[illegible]
Aug	679/2	[illegible]	[illegible]
Sep	670/6	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling pauses for breath

STERLING LOST ground in currency markets yesterday, after early reports of Bank of England intervention encouraged short term investors to take profits.

The extent of the Bank's intervention was probably very limited. One dealer pointed out that the authorities usually wait for trading conditions to become very thin before making their presence felt, yesterday being a good example.

Nevertheless, the effect on sterling was sufficient to tempt traders to take profits, and the pound finished at the day's lows. However most dealers saw this as a temporary setback, believing yesterday's fall to be more of a pause for breath than a bursting of the speculative bubble.

However, while analysts saw the pound moving firmer in the short term, there was likely to be renewed downward pressure later this year, they added, because of an expected deterioration in UK balance of payments.

Sterling's exchange rate index fell to 78.2 at the close, down from 78.4 at the opening and 78.3 on Tuesday. Against the D-Mark, the pound finished at DM3.1350, down from DM3.1875. It was also lower against the Japanese yen at Y235.0 from Y235.25. Elsewhere it closed at SFr2.5900 from SFr2.5875 and FFr10.6225 compared with FFr10.6400. It was slightly weaker against the dollar at $1.8760 from $1.8800.

UK official reserves rose by an underlying $2.2bn in March, after a modest $25m fall in February. Actual reserves rose to $44.5bn, the highest level on record, and up from $37bn a year ago.

The dollar finished towards the day's highs, as late trading was influenced by speculation in New York markets, that next week's meeting of G-7 ministers would re-affirm a base for the dollar/yen rate. The market's recent lack of direction enabled such hearsay to move rates quite sharply.

The dollar closed at Y125.25 from Y125.10 in London but moved up rapidly in New York to Y125.45. Against the D-Mark it finished at DM1.6710 from DM1.6680. Elsewhere it closed at SFr1.3800 from SFr1.3780 and FFr5.6625 compared with FFr5.6600. On Bank of England figures, the dollar's exchange rate index was unchanged at 92.7.

Despite yesterday's late rally, dealers do not expect any real trend to develop until next week's G-7 meeting and the release of US trade figures for February.

D-MARK—Trading range against the dollar in 1987/88 is 1.8385 to 1.5740. March average 1.6766. Exchange rate index 149.1 against 146.8 six months ago.

The dollar improved slightly against the D-Mark while sterling continued to attract much of the attention in Frankfurt.

The US unit finished at DM1.6685 from DM1.6660 while sterling closed at DM3.1325 from DM3.1350.

JAPANESE YEN—Trading range against the dollar in 1987/88 is 159.45 to 121.35. March average 127.08. Exchange rate index 245.0 against 217.8 six months ago.

The dollar lost a little ground in Tokyo but stayed within its recent trading range. It closed at Y125.05, down from Y125.35 in New York.

The longer term outlook for the US unit remained bearish, with many Japanese institutions showing increased reluctance to invest in foreign securities. The strength of the Japanese economy and the dollar's lack of direction have highlighted the currency risks involved.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Apr. 6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
German D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Irish Punt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Apr.6	Latest	Previous Close
£ Spot	1.8765-1.8775	1.8785-1.8795
1 month	[illegible]	[illegible]
3 months	[illegible]	[illegible]
12 months	[illegible]	[illegible]

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr.6	Previous
[illegible]	[illegible]	[illegible]

CURRENCY RATES

Apr.6	Bank rate %	Special Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY MOVEMENTS

Apr.6	Bank of England Index	Morgan Guaranty Changes %
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100).

OTHER CURRENCIES

Apr.6	£	$
[illegible]	[illegible]	[illegible]

*Selling rate

POUND SPOT- FORWARD AGAINST THE POUND

Apr.6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Apr.6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES

Apr.6	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EXCHANGE CROSS RATES

Apr.6	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Gilts and bonds lose ground

LONG GILTS and US bonds finished towards the day's lows in Liffe trading yesterday. After a slow and unpromising start, profit takers started to emerge around lunchtime, and with sterling losing ground in the afternoon, the trend was continued up to the close.

A weaker tone in the US bond market added to the sombre mood. Fears of a rise in US inflation and speculation that some US banks were about to raise their prime rates painted a less than rosy picture.

While trading volume picked up from Tuesday, activity was still relatively modest. The June long gilt price opened at 123-03, up from 123-01 on Tuesday but failed to break resistance at 123-06, which proved to be the day's high. The contract finished at 122-11, just one tick above the day's low.

UK official reserves rose in March by more than the median forecast, but the market's failure to gain from this, encouraged further profit taking.

Three-month sterling deposits fell below a key support level at 91.34 for June delivery, finishing at 91.33, down from an opening level of 91.40 and Tuesday's close of 91.37. Cash rates were a little lower, but despite early speculation of an imminent cut in base rates, most traders saw little chance of a reduction until sterling appreciated further.

The US Federal Reserve Board's decision to add reserves to the US money market came too late to halt a fall in US instruments in London.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Sep	Puts-settlements Jun	Sep
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Sep	Puts-settlements Jun	Sep
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Apr	May	Puts-settlements Apr	May
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE £/$ OPTIONS

Strike Price	Calls-settlements				Puts-settlements			
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE EURODOLLAR OPTIONS

Strike Price	Calls-settlements			Puts-settlements		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE SHORT STERLING

Strike Price	Calls-settlements			Puts-settlements		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PHILADELPHIA SE £/$ OPTIONS

Strike Price	Calls				Puts			
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON SE £/$ OPTIONS

Strike Price	Calls				Puts			
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON (LIFFE)

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY FUTURES

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONEY MARKETS

UK rates finish slightly lower

INTEREST RATES were slightly lower in London yesterday, as sterling showed early signs of continuing its firmer trend. The pound eventually finished towards the day's lows. Dealers saw little chance of any early cut in bank base rates but warned that a further rise in sterling could ultimately force the Government's hand.

"Sterling's strength is seen as a short term phenomenon," one dealer suggested. On this basis,

UK clearing bank base lending rate 8½ per cent from March 17

the authorities will be reluctant to sanction a reduction in rates, especially since most analysts see the pound coming under renewed downward pressure later this year.

The key three-month interbank rate slipped to 8¾-8⅝ p.c. from 8⅞-8¾ p.c. although this was still virtually unchanged from the rate prevailing just after the last cut in base rates, on March 17.

One year money was quoted at 9⅛-9 p.c. from 9¼-9⅛ p.c.

Overnight money opened at 8¾-8⅝ p.c. and eased gradually during the day to finish around 5 p.c.

The Bank of England forecast a shortage of around £200m, with factors affecting the market including, bills maturing in official hands and repayment of late assistance, together with a take up of Treasury bills draining £694m. These were partly offset by Exchequer transactions which added £345m and banks' balances brought forward £90m above target. There was also a fall in the note circulation of a nominal £5m.

Assistance in the morning came to £127m, and comprised outright purchases of eligible bank bills in band 1 at 8⅝ p.c.

Further help in the afternoon totalled £100m, and was made up of eligible bank bill purchases in band 1 at 8⅝ p.c. Total help came to £227m.

In Frankfurt the Bundesbank allotted DM3.6bn at yesterday's sale and repurchase tender, more than offsetting a maturing facility of DM7.1bn. The rate was fixed at 3.25 p.c. for the 28-day agreement, unchanged from previously.

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr 6) 3 months US dollars		6 months US Dollars	
bid	offer	bid	offer
[illegible]	[illegible]	[illegible]	[illegible]

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds	
[illegible]	[illegible]	[illegible]	[illegible]

Apr.6	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Apr.6	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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EUROPEAN OPTIONS EXCHANGE

Series		May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Nov. 88 Vol	Nov. 88 Last	Stock
GOLD P	$420	53	1.80	–	–	–	–	$450
GOLD P	$440	50	4.30	–	–	–	–	$450
		Apr. 88		May 88		Jan. 88		
EOE Index C	Fl. 185	90	23.50	10	22.50	–	–	Fl. 208.10
EOE Index C	Fl. 190	29	18.50	65	18.50	–	–	Fl. 208.10
EOE Index C	Fl. 195	31	13	87	14	–	–	Fl. 208.10
EOE Index C	Fl. 200	108	9 A	94	11	–	–	Fl. 208.10
EOE Index C	Fl. 205	75	5.50	28	7.50	7	10.30 B	Fl. 208.10
EOE Index C	Fl. 210	272	3	304	5.80	–	–	Fl. 208.10
EOE Index C	Fl. 215	7	1.40	61	4	100	5.80	Fl. 208.10
EOE Index P	Fl. 185	5	0.30	26	2.10	–	–	Fl. 226.10
EOE Index P	Fl. 190	20	0.60	23	3.50	3	5.50	Fl. 208.10
EOE Index P	Fl. 195	149	0.90	13	4.20	17	7	Fl. 208.10
EOE Index P	Fl. 200	310	1.50 B	110	6.60	19	9.50	Fl. 208.10
EOE Index P	Fl. 205	72	3.20 B	23	9.50	15	12.50	Fl. 208.10
EOE Index P	Fl. 210	29	6	5	12	–	–	Fl. 208.10
EOE Index P	Fl. 215	33	10	–	–	–	–	Fl. 208.10
£/Fl P	Fl. 340	–	–	–	–	19	1	Fl. 331.75
$/Fl C	Fl. 185	–	–	20	3.50	–	–	Fl. 187.30
$/Fl C	Fl. 190	573	0.50	–	–	–	–	Fl. 187.30
$/Fl P	Fl. 175	–	–	100	0.20	–	–	Fl. 187.30
$/Fl P	Fl. 180	–	–	–	–	281	1.60	Fl. 187.30
$/Fl P	Fl. 185	61	0.50	–	–	104	3.20	Fl. 187.30
		Apr. 88		Jul. 88		Oct. 88		
ABN C	Fl. 45	–	–	226	1	25	1.30	Fl. 40.30
ABN P	Fl. 40	28	0.60	8	2.80	1	3.60	Fl. 40.30
AEGON C	Fl. 70	230	2.10	33	4.30	–	–	Fl. 70.70
AEGON P	Fl. 70	39	0.90	5	4	–	–	Fl. 70.70
AHOLD C	Fl. 75	250	0.40	114	2.40	–	–	Fl. 70.70
AHOLD P	Fl. 70	106	0.90	7	3.50	–	–	Fl. 70.70
AKZO C	Fl. 110	788	1.30	1285	5	33	8	Fl. 107.40
AKZO P	Fl. 100	106	0.20	112	5.60	6	7.60	Fl. 107.40
AMEV C	Fl. 60	5	0.40 A	110	2	306	3.50	Fl. 54.10
AMEV P	Fl. 50	59	0.40	72	3	–	–	Fl. 54.10
AMRO C	Fl. 70	154	0.80	75	2.30	6	3.30	Fl. 68.70
BUHRMANN-T C	Fl. 45	385	2	41	3.30	42	4.80	Fl. 46.40
BUHRMANN-T P	Fl. 45	8	0.50	150	3.10	30	3.40	Fl. 46.40
ELSEVIER C	Fl. 50	380	1.80 A	77	3.80	49	6.50 A	Fl. 51.50
ELSEVIER P	Fl. 50	62	0.40 B	1	2.70	60	4.90	Fl. 51.50
GIST-BROC. C	Fl. 40	7	0.10	109	1	7	2	Fl. 33.90
GIST-BROC. P	Fl. 35	2	1.20	24	3.90	2	5.50	Fl. 33.90
HEINEKEN C	Fl. 140	85	8.10	2	3.50 A	5	5.80	Fl. 128.50
HOOGOVENS C	Fl. 40	–	–	121	1.30	6	2.80	Fl. 33.80
HOOGOVENS P	Fl. 35	31	1.80 B	3	3.50	5	4	Fl. 33.80
KLM C	Fl. 35	579	1.40	283	3.40	103	3.70	Fl. 35.90
KLM P	Fl. 40	125	4.40	2	5	16	6.40	Fl. 35.90
KNP C	Fl. 150	297	1.10	163	4.40	36	6	Fl. 147.20
KNP P	Fl. 140	115	3.50	90	7.80	–	–	Fl. 147.20
NEDLLOYD C	Fl. 220	275	4.40	101	15.50 B	13	22	Fl. 219.50
NEDLLOYD P	Fl. 210	62	2	46	12	–	–	Fl. 219.50
NAT.NED. C	Fl. 60	377	0.80 A	45	2.50	4	4	Fl. 58.80
NAT.NED. P	Fl. 50	7	0.10	40	8.90	–	–	Fl. 58.80
PHILIPS C	Fl. 30	63	0.40	114	1.30	35	2.10	Fl. 28.90
PHILIPS P	Fl. 27.50	130	8.60	147	1.80	100	2.60	Fl. 28.90
ROYAL DUTCH C	Fl. 220	447	6	128	9.20	32	11.20	Fl. 224.30
ROYAL DUTCH P	Fl. 218	541	0.30 B	39	5.70	2	9.50	Fl. 224.30
ROBECO C	Fl. 90	32	2	–	–	–	–	Fl. 90.80
ROBECO P	Fl. 90	5	1.10	129	3	–	–	Fl. 90.80
UNILEVER C	Fl. 110	660	2.70	121	6.70	14	9.50	Fl. 111.40
UNILEVER P	Fl. 120	17	9	266	15	14	15.50	Fl. 111.40

TOTAL VOLUME IN CONTRACTS : 31,568

A=Ask B=Bid C=Call P=Put

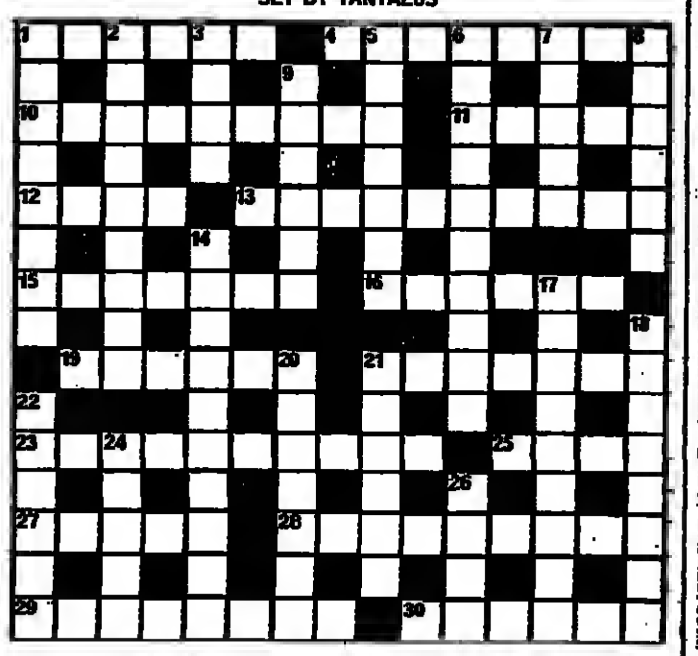
BASE LENDING RATES

	%
ABN Bank	8½
Adam & Company	8½
AAB - Allied Arab Bk	8½
Allied Irish Bank	8½
Henry Ansbacher	8½
ANZ Banking Group	8½
Associates Cap Corp	10
Authority Bank	8½
B & C Merchant Bank	8½
Banco de Bilbao	9½
Bank Hapoalim	8½
Bank Leumi (UK)	8½
Bank Credit & Comm	8½
Bank of Cyprus	8½
Bank of Ireland	8½
Bank of India	8½
Bank of Scotland	8½
Banque Belge Ltd	8½
Barclays Bank	8½
Beneficial Bank PLC	8½
Berliner Bank AG	8½
Brit Bk of Mid East	8½
● Brown Shipley	8½
Business Mtge Tst	9
CL Bank Nederland	8½
Central Capital	8½
● Charterhouse Bank	8½
Citibank NA	8½
City Merchants Bank	8½
Clydesdale Bank	8½
Comm. Bk N. East	8½
Consolidated Cred	8½
Co-operative Bank	*8½
Cyprus Popular Bk	8½
Dunbar Bank PLC	8½
Duncan Lawrie	8½
Equatorial Bank plc	9
Exeter Trust Ltd	9
Financial & Gen. Sec.	8½
First Nat. Sec. Ltd.	9½
● Robert Fleming & Co.	8½
Robert Fraser & Ptnrs.	9½
Girobank	8½
Grindlays Bank	8½
● Guinness Mahon	8½
HFC Trust & Savings	8½
● Hambros Bank	8½
Heritable & Gen Inv Bk	8½
● Hill Samuel	§8½
C. Hoare & Co.	8½
Hongkong & Shangh	8½
Lloyds Bank	8½
Meghraj Bank Ltd	8½
Midland Bank	8½
Mount Bnkg Corp.	8½
Nat Bk. of Kuwait	8½
NatWestminster	8½
Northern Bank Ltd	8½
Norwich Gen. Trust	8½
PK Finans. Int(UK)	9
Provincial Bank PLC	9½
R. Raphael & Sons	8½
Roxburghe G'rantee	10
Royal Bk of Scotland	8½
Royal Trust Bank	8½
Smith & Williams Secs.	8½
Standard Chartered	8½
TSB	8½
UDT Mortgage Exp	‡9¾
United Bk of Kuwait	8½
United Mizrahi Bank	8½
Unity Trust Bank Plc	8½
Western Trust	8½
Westpac Bank Corp.	8½
Whiteaway Laidlaw	9
Yorkshire Bank	8½

● Members of the Accepting Houses Committee. * 7 day deposits 3.50% Savewise 6.16%. Top Tier-£2,500+ at 3 months' notice 7.81%. At call when £10,000+ remains deposited. ‡ Mortgage base rate. § Demand deposit 3.50%. Mortgage 9.625% - 10%

FT CROSSWORD No.6,599

SET BY TANTALUS



ACROSS

1 and 4 Some relics must be thrown out about 22nd June (6,8)
10 Small pad I use for morse code (5-4)
11 Gullible Scotsman returns before day of victory (5)
12 Flavouring makes many unwell (4)
13 Senior teacher forceful but rash (10)
10 For blusterer, French King ordered rest (7)
16 Sea-snail has entire metamorphosis (8)
10 Some notes so to speak for singers (6)
21 Sightseer gets to old city first (7)
23 One's not welcome playing this! (10)
25 Tailless fish is skilful (4)
27 Wait for an offer sweetheart! (5)
28 Rebuke players before single entrance (9)
29 Gem store (8)
30 Dispatch an apprentice to get fine silk (6)

DOWN

1 Ordinary measure (8)
2 I need male to make rich cake (9)
3 Part of newspaper's editorial is in Gaelic (4)
5 Pop and I get changed to meet townsman (7)
6 Well you wouldn't stay in here (10)
7 Jones batting – I depart! (5)
8 For example soldiers climbing to surface (6)
9 Move rapidly to advancement in profession (6)
14 Son is to see development of indolence (10)
17 Follow directors to back of lorry (9)
18 That scared away the meek – hours (Keats) (8)
20 Short jacket provided by English philosopher (7)
21 Bird disease (6)
22 Horrified to see silver hats ruined (6)
24 Love to donate a pointed window (5)
26 Family occupation (4)

Solution to Puzzle No.6,598

PRESSUPS HOLDUP
A I T U N R R
WAGERING DELUDE
P H O I H D S
ARTCLASS ROUGHS
W S L H B R E R
IMPRESARIO
C A E E O E Y X
RUGBYUNION
U N E T M M S S
SPOUSE ASTERICK
A S I T S E O
DOTAGE LIGHTSUP
E I H C E T J
RECITE SKYSCAPE

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941
Life Assurance Funds

Wealth Assc.	383.2	403.5	—	—
Ebr'r Ph. Eq.	341.8	362.3	—	—
Pension Plan Funds				
Phoenix				
UK Equity Acc.	162.3	170.8	+2.0	—
International Acc.	124.2	130.7	+0.1	—
Property Acc.	127.6	134.3	—	—
Fixed Interest Acc.	157.4	165.6	+0.2	—
Money Acc.	138.0	145.2	+0.1	—
Bldg. Soc. Link Acc.	134.9	142.0	—	—
Special Mngd. Acc.	145.3	152.9	+1.0	—
Phoenix/Framlington				
Intnl. Growth Acc.	86.1	90.6	−0.7	—
Amer. & Gen. Acc.	80.1	84.3	−0.3	—
Capital Tst. Acc.	167.7	176.5	−2.6	—
Japan & Gen Acc.	178.9	188.3	−0.7	—
American Turn. Acc.	81.9	86.2	+0.1	—
Recovery Tst. Acc.	163.0	171.5	−2.3	—
Special Mngd Acc.	139.6	146.9	−0.8	—
Phoenix/GT				
International Acc.	117.9	124.1	−0.6	—
US & General Acc.	84.7	89.1	−1.9	—
Amer Spec Sits Acc.	62.7	66.0	−0.1	—
Japan & General Acc.	178.3	187.6	+1.3	—
Far East & Gen. Acc.	138.7	146.0	−0.7	—
UK Capital Acc.	163.9	172.5	−1.4	—
European Acc.	128.4	135.1	−0.5	—
Special Mngd. Acc.	121.1	127.4	−0.8	—

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

Managed Fund	256.5	270.1	−3.7	—
Mar Pens Inc & Cap Fd.	324.0	341.1	−6.4	—
Money Fund	111.9	117.8	+0.1	—
Pens. Mngd Fd (Init)	80.0	84.3	−0.9	—
Pens Mngd Fd (Acc)	90.5	95.3	−1.0	—
Pens FT30 Fd (Init)	122.4	128.9	−2.2	—
Pens FT30 Fd (Acc)	138.3	145.6	−0.4	—
Pens O'seas MgFd(Init)	54.8	57.7	−0.3	—
Pens O'seas MgFd(Acc)	62.0	65.3	−0.2	—
Pens Fxd Int Fd (Init)	106.5	112.2	+1.0	—
Pens Fxd Int Fd (Acc)	120.4	126.8	+1.1	—
Pens Deposit Fd (Init)	101.1	106.5	+0.1	—
Pens Deposit Fd (Acc)	114.3	120.4	+0.2	—

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1987/88 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
102¼	[illegible]	[illegible] 10¼pc '88	100[illegible]	—	10.48	8.49
[illegible]	[illegible]	Treas 9¾pc Cv '88	100[illegible]	—	9.73	8.40
99[illegible]	[illegible]	Transport 3pc '78-88	99[illegible]	—	3.03	6.64
101[illegible]	[illegible]	Treas. 9½pc '88	100[illegible]	—	9.45	8.57
[illegible]	101[illegible]	Treas 11½pc 1989	102[illegible]	—	11.25	8.54
[illegible]	97[illegible]	Treas 9½pc Cnv 1989	100[illegible]	[illegible]	9.62	8.60
[illegible]	[illegible]	Treas 3pc 1989	96[illegible]	—	3.11	6.35
[illegible]	99[illegible]	Treas 10½pc 1989	101[illegible]	—	10.30	8.74
[illegible]	98½	Exch 10pc 1989	102[illegible]	[illegible]	9.75	8.71
[illegible]	100	Exch 11pc 1989	103[illegible]	[illegible]	10.67	8.71
[illegible]	99	Treas 5pc 1986-89	96[illegible]	—	5.17	7.32
[illegible]	[illegible]	[illegible] 10¼pc Cv '89	104[illegible]	[illegible]	9.85	7.47
111[illegible]	104[illegible]	Treas 13pc 1990	106[illegible]	[illegible]	12.16	8.69
106½	100	Exch 11pc 1990	103[illegible]	[illegible]	10.61	8.77
110[illegible]	[illegible]	Treas 12¼pc 1990	106[illegible]	[illegible]	11.73	8.77
93[illegible]	[illegible]	Treas. 3pc 1990	93[illegible]	[illegible]	3.22	6.55
100[illegible]	93[illegible]	Treas 8¼pc 1987-90	99[illegible]	—	8.31	8.59
102[illegible]	[illegible]	Treas. 8pc Cv 1990	103[illegible]	[illegible]	7.86	7.13
105	97[illegible]	Treas. 10pc Cv 1990	102[illegible]	[illegible]	9.74	8.50
91[illegible]	81[illegible]	[illegible] 2½pc 1990	90[illegible]	—	2.76	6.38
110[illegible]	102[illegible]	Treas 11¾pc 1991	106[illegible]	[illegible]	10.99	8.84
95[illegible]	87[illegible]	[illegible] 5¾pc '87-91	94[illegible]	—	6.08	7.80
90[illegible]	80½	Treas. 3pc 1991	89[illegible]	[illegible]	3.35	6.75
120½	98[illegible]	Treas [illegible] Cv '91	104[illegible]	[illegible]	9.56	8.35
109[illegible]	101[illegible]	Exch 11pc 1991	106[illegible]	[illegible]	10.33	8.83
[illegible]	91[illegible]	Treas. 8pc 1991	97[illegible]	—	8.20	8.80
116[illegible]	[illegible]	Treas 12¾pc 1992	112[illegible]	[illegible]	[illegible]	8.89
[illegible]	97[illegible]	Treas 10pc 1992	103[illegible]	[illegible]	[illegible]	8.99
99[illegible]	90[illegible]	Treas. 8pc 1992	97[illegible]	[illegible]	[illegible]	8.82
[illegible]	99½	Treas 10½pc Cv 1992	105[illegible]	[illegible]	[illegible]	8.95
85[illegible]	79[illegible]	Treas. 3pc 1992	85[illegible]	—	[illegible]	7.08
115[illegible]	105[illegible]	[illegible] 12¼pc '92	111[illegible]	[illegible]	10[illegible]	9.00
[illegible]	110[illegible]	[illegible] 13½pc 1992	116[illegible]	[illegible]	11[illegible]	9.02

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

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Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Contd

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Contd

ELECTRICALS

ENGINEERING

ENGINEERING—Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)—Contd

INDUSTRIALS (Miscel.)—Contd.

INSURANCES

LONDON SHARE SERVICE

INSURANCES—Contd

1987/88 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£22¼	£12¼	Torchmark $1.00	£13⅝	+⅛	Q$1.00	–	3.5	–
410	235	Trade Indemnity	342	–1	5.6	–	2.0	–
£34	£17¾	Travelers $1.25	£18⅜	–⅛	$2.40	–	7.0	–
£30½	£15½	USF & G Corp $2.50	£16½		Q$2.64	–	8.8	–
£33⅜	£15⅜	USLIFE Corp. $2.0	£20⅝	+⅜	Q$1.28	3.2	3.5	9.0
730	495	Willis Faber ... 10p	555		21.0	–	5.0	–
464	192	Willis Faber 12½p	205	–3	11.45	◆	7.7	◆
128	42	Windsor Secs. 10p	60		0.8	◆	1.8	◆

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING — Contd

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

1987/88 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]								
	45	Lynx Tech. 5p	58		6–	–	–	5.7
	95	M.L. Laboratories 1p	225	–3	–	–	–	–
	87	Medirace 10p	100		–	–	–	–
	16	Norton Group 5p	20		–	–	–	–
	36	Oveca Gold IR 2p	54	+2	–	–	–	–
	33	Propeller 1p	41		W	–	–	12.8
	13	Publishing Hldgs. 5p	18		–	–	–	10.8
	70	Sracon Hldgs	70	–1	–	–	–	◆
	18	Stats Hldgs. 5p	22		–	–	–	56.3
	3	Swanyard Studios 1p	3		–	–	–	17.1
	200	Takare	212	–1	b1.0	8.1	0.6	21.8
	38	Theme Holdings	43		1.0	1.9	3.1	23.1
	26	Tomorrows Leisure 20p	28		–	–	–	10.4
	120	UPL Group 10p	120		12.41	2.8	2.7	18.0
	103	Unit Group	137		‡4.6	2.5	4.6	(9.5)
	85	Video Tape Recording 5p	92		12.3	2.3	3.3	13.2

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ◆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ¶ Price at time of suspension
- §§ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ♣ Not comparable
- ◆ Same interim; reduced final and/or reduced earnings indicated
- ø Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- 6 Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p γ	60	
Craig & Rose £1 γ	680	
Finlay Pkg. 5p γ	77	–1
Holt (Jos) 25p γ	£12½	+⅛

IRISH

Stock	Price	+ or –
Fund 11¾% 1988	£100¾	
Nat. 9¾% 84/89	£100¾	
Fin. 13% 97/02	£127¾	
Arnotts γ	390	+10
CPI Hldgs. γ	78	
Carroll Inds. γ	152	+2
Hall (R. & H.)	110	
Helton Hldgs. γ	41	
Irish Ropes γ	129	
Unidare γ	360xd	

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	15
BAT	45
BOC Grp.	48
BSR	10
BTR	28
Barclays	48
Beecham	46
Blue Circle	42
Boots	26
Bowaters	38
Brit Aerospace	35
Brit. Telecom	22
Burton Ord.	24
Cadburys	26
Charter Cons.	32
Comm Union	35
Courtaulds	34
FKI Babcock	14
FNFC	25
Gen Accident	85
GEC	15
Glaxo	110
Grand Met	42
GUS 'A'	110
Guardian	87
GKN	38
Hanson	14
Hawker Sidd.	48
ICI	100
Jaguar	35
Ladbroke	38
Legal & Gen.	30
Lex Service	35
Lloyds Bank	28
Lucas Inds.	62
Marks & Spencer	20
Midland Bk.	35
Morgan Grenfell	35
NEI	10
Nat West Bk.	60
P & O Dfd.	52
Plessey	16
Polly Peck	38
Racal Elect.	22
RHM	35
Rank Org Ord.	60
Reed Intnl.	45
STC	25
Sears	14
TI	35
TSB	12
Tesco	16
Thorn EMI	60
Trust Houses	22
T&N	20
Unilever	58
Vickers	18
Wellcome	42
Property	
Brit Land	28
Land Securities	48
MEPC	48
Peachey	48
Oils	
Brit Petroleum	25
Britoil	50
Burmah Oil	45
Charterhall	6
Premier	6
Shell	110
Tricentrol	10
Ultramar	24
Mines	
Cons Gold	100
Lonrho	29
RTZ	38

A selection of Options traded is given on the London Stock Exchange Report Page

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £940 per annum for each security.

LONDON STOCK EXCHANGE

Account Dealing Dates			
Option			
*First Dealings	Declarations	Last Dealings	Account Day
Mar 7	Mar 17	Mar 18	Mar 28
Mar 21	Apl 7	Apl 8	Apl 18
Apl 11	Apl 21	Apl 22	May 3

*New time dealings may take place from 9.00 am two business days earlier.

Rights issue rumours cut into share price gains and Gilt-edged shade lower

THE UK EQUITY market, heartened by the overnight gains in Tokyo and New York, enjoyed a convincing rally for most of yesterday's session, as marketmakers began to close out trading positions ahead of the end of the extended Easter trading Account. However, share gains were sharply cut back in the final hour when rumours of an impending rights issue ran through the City dealing rooms.

The rights issue rumours, which helped cut the market's gain from 31 to 7 points on the FT-SE scale, took in, "nearly every name in the Footsie list", commented one exasperated trader. Barclays and Standard Chartered led the list of possible fund raisers in banks, while Reckitt & Colman, with results due today, featured the industrials — but all three share prices closed higher on the day.

The FT-SE 100 closed a net 7.4 points up at 1745, after touching 1759 at the day's best. A good lead for the market came from the FT-SE 100 Futures contract, which traded at a premium of 10-20 points for most of the day, before closing at 15 points premium to the underlying index.

There were other reasons for nervousness towards the end of the trading session. Wall Street, having appeared to stabilise above the psychologically important 2000 mark, was losing impetus as London closed down. Suggestions that UK base rates were about to be cut in order to lessen upward pressure on sterling, while never taken too seriously in the equity market, faded as the pound ended lower on the day.

Moreover, the market recovery had many of the hallmarks of a technical rebound towards the end of the three week equity Account, which has taken around 120 points off the FT-SE 100 Index. Marketmaking houses, which have been steady sellers of stock, began to pick up shares ahead of tomorrow's closure of the trading account — deals can be made for the new account today, but at a premium rate.

However, some genuine investment support was seen in selected market areas, notably the insurance sector, where Abbey Life and Sun Alliance rounded off the results season with excellent figures.

Government bonds had a poor session, and ended with losses of ¼ point at the longer end of the range. There was little immediate response, however, to the the disclosure of a rise of $2.2bn in UK official reserves in March.

Prices tried to edged higher at first but soon lost heart. London's nervousness was deepened in the final hour of trading by a weak opening in the New York bond market.

Some switching was reported out of UK Gilts and into other European bonds. While selling was light, and came mostly from professional traders rather than institutional holders, buyers reacted by pulling away from the market.

Index-linked issues moved up at first but then turned off smartly as the conventional Gilts weakened, to close with losses of ¾ point.

Guthrie Corporation, the industrial rump of the old plantation company, advanced 35 to 236p in a limited market following confirmation that Permodalan Nasional Berhad, the Malaysian National Equity Corporation, is considering the disposal of its 60.8 per cent stake in the group.

The market believes that the shares (49.9m) could be placed without difficulty, but interest was aroused by speculation that the entire holding could be sold to a single buyer.

What little business was transacted in oils was mainly focussed on the second-line issues. Calor, whose first dealings in the two new companies Calor Group and Acre Oil take place next Wednesday, moved up 13 to 548p, after 550p. Burmah, due to report preliminary figures today — estimates of net income range from £65m to £74m — lost 6 to 501p.

BP "old" were unchanged at 259p on turnover of 2.4m while the "new" held at 89p on turnover of 3.7m.

Barclays were the centre of attention in equity markets and moved up to 488p before revived rumours of an imminent £1 bn rights issue saw the shares retreat to close only 3 up on balance at 481p. Other leading banks closed easier on the day with the exception of Lloyds where continuing stories of a stake-building operation left the shares up 5 more at 273p.

Merchant bank Kleinwort Benson edged up 6 to 355p after announcing pre-tax profits down 18 per cent at £64.3m, in line with estimates. Morgan Grenfell were a shade off at 237p despite market whispers that the near 6 per cent stake held by Dewey Warren is about to change hands.

Life assurances were given a major fillip from Abbey Life's annual figures which at £48m pre-tax were above the most optimistic forecasts; the shares advanced to 268p before closing a net 5 higher at 258p. London and Manchester, reporting today, jumped 10 to 260p. Composites included an outstanding feature in Sun Alliance which raced up 19 to 913p, after 920p, in the wake of the excellent preliminary profits, better than expected dividend and bullish meeting with insurance analysts.

The defensive qualities of many Brewery issues went unrecognised. With the exception of Bass, which gave ground from the outset to close 8 lower at 828p, the leaders drifted slightly easier late after a session described by marketmakers "as again extremely slow".

Hopes of a cut soon in base lending rates coupled with the general improvement in equity sentiment gave fresh impetus to the Building sector. Rugby were outstanding at 258p, up 11, in a market short of stock while Steetley, 6 higher at 336p, benefited from a recommendation from Morgan Grenfell. BPB Industries revived with a gain of 9 at 294p and Redland picked up 4 to 415p. Takeover favourite Magnet rose 9 more to 244p but Ruberoid moved against the trend, falling 8 to 142p following the annual results and news of a share placing to finance the £8.95m acquisition of Norwich Corrugated Board. Elsewhere, Walter Lawrence firmed 4 to 140p ahead of the preliminary results, due on April 14. Housebuilders Persimmon added 4 to 168p in response to the profit forecast of £20m which accompanied details of a proposed £17m rights issue. The proceeds will be used to reduced bank borrowings short term prior to the company embarking on an expansion programe.

Numerous features emerged in the retailing sector, most notably Woolworth which raced up to 288p before turning off late to close a net 11 higher at 281p; Warburg Securities hosted a seminar for the group yesterday afternoon.

Storehouse, boosted recently by stories that Next, among others, may eventually bid for the group, moved up to 245p prior to ending the session a net 6 up at 243p. Ratners, scheduled to reveal preliminary figures in May, were aggressively bought and settled 6 better at 257p.

Ward White, annual figures expected next Tuesday — Morgan Grenfell are going for £65m against last time's £40.6m — put on 5 to 330p; the sale of the Zodiac chain of shops is expected to be announced along with the figures. Bid speculation revived in drug stores group Underwoods which picked up to 149p before dipping off to close a net 3 higher at 144p. Sears, where turnover topped 5.3m shares, were unchanged at 123p. Empire Stores, reporting preliminary results today, jumped 6 to 214p.

Cable & Wireless were again the outstanding performer in the electrical leaders with the shares advancing further to 342p before ending the day a net 7 higher at 338p on turnover of 3.9m shares; market stories yesterday focussed on the possibility of Reuter taking up some of the capacity in C & W's PTAT 1 transatlantic telecoms cable. But there was also talk of a broker's buy circular and recent stories of a stake-building operation.

Turnover in GEC — much of it on the inter-dealer broker screens — totalled 9.3m and the shares eased 2 to 163p after heavy selling associated with the budget changes to COT. Racal rallied and closed a net 3½ to 212p on turnover of 3.7m. BSR added 5 to 85p after a County NatWest "buy".

Blackwood Hodge's preliminary figures pleased the market with the shares moving up smartly to close 7 higher at 68p. Elsewhere in the Engineering sector, Rolls-Royce were again actively traded (some 4.1m shares changed hands) before settling a couple of pence firmer at 113p. Telfos, reflecting satisfactory annual results, improved 5 to 143p.

Hillsdown Holdings moved up 2 to 270, after 272p, as Warburg Securities took a positive view of the stock following news that the company had disposed of its Maple Leaf Mills grain operations to Cargill of Canada for £17.2m.

Hotels took a distinct turn for the better, Grand Metropolitan rising 7 to 474p and Trusthouse Forte gaining a similar amount to 239p, the latter boosted by a BZW profits upgrading.

Hanson Trust took pride of place as the most actively traded stock with some 20m shares traded. Two big deals were recorded, 9.9m at 128p and 7m at 127p, and the shares closed 2 better at 128½p.

Other International stocks traded on a brighter note before turning easier with the rest of the market late. Glaxo moved above the £10 mark before falling back to close only a shade better on balance at 995p while Reuters B, up to 501p at one stage, finished 8 higher on balance at 494p. Reckitt and Colman, scheduled to reveal preliminary figures today, were among the many rumoured candidates for a rights issue and, after moving ahead to 816p, reacted to close 7 up on the day at 810p.

Brammer, reflecting better-than-expected preliminary figures, advanced 10 to 233p while Associated British Ports, awaiting today's annual results, met with persistent demand and touched 530p before settling with a rise of 22 on balance at 528p. Bank Organisation, a current UBS Phillips and Drew buy recommendation, edged up 5 to 690p. Newman Industries hardened up 1⅝ to 55⅝p following the preliminary figures while the proposed acquisition of the privately owned mechanical and electrical contractor, Lorne Stewart Group, left BET a few pence dearer at 227p.

Jaguar perked up as talk went round that US sales had risen sharply during March; this was later confirmed as a 20 per cent increase on the previous month.

Currency movements were another help for the Jaguar shares which gained 6 to 288p. Component leader, Lucas Industries, rebounded after a mid-week newsletter recommendation to close 7 up at 530p while Western Motor spurted 31 to 508p on good annual figures; profits were £5.76m compared with £3.14m last time.

Favourable signals from Phillips & Drew (P & D), the securities house, encouraged buying of selected Newspaper and Agency issues. United Newspapers rose to 432p before settling at 427p and Lowe Howard-Spink improved to 287p but Associated Newspapers made little headway. P & D, along with competing house BZW, also issued a recommendation for Bunzl despite Tuesday's disappointing figures but the advice went unheeded. The shares moved nearer the 1987/88 low to end 5 down at 139p. BZW reckon the "results are probably a reflection of the attempt to grow too fast, too soon. The management action aimed at reducing acquisition activity and focusing effort on maximising returns from the existing businesses should result in a return to improved EPS growth".

Saatchi & Saatchi suffered, losing 13 to 397p, as reports filtered through of its US subsidiary DFS Inc. losing part of the long-standing RJR Nabisco account. Elsewhere, Crown TV Products revived with a rise of 7 to 65p.

Leading Properties took a modest turn for the better initially, but closed below the best as market sentiment deteriorated late in the session. Land Securities were finally 2 dearer at 535p and MEPC finished a similar amount better at 518p. Great Portland Estates gained 6 to 297p and Slough Estates put on 8 to 268p. Clayform Properties responded to the more-than-doubled annual profits with a rise of 15 at 265p, while Helical Bar, reflecting demand ahead of the preliminary figures due shortly, advanced 15 to 313p. Shield Group dipped 18 to 84p on news that bid discussions had been terminated.

"Buy" recommendations from at least two investment houses — Panmure Gordon and Phillips & Drew are both keen on the stock - stirred interest for P & O, up 6 at 592p.

Newsletter investment advice coupled with the disposal of two subsidiaries to Melton Medes because they no longer form part of the group's mainstream strategic businesses helped Tootal recover 3 to 97p. Meanwhile, increased first-half profits nudged A.Beckman higher to 118p.

More favourable exchange rate movements aroused support of BAT Industries but the shares after rising to 423p, reacted to end only 5 up on balance at 418p.

Some Overseas Traders became slightly more popular with the accent on Polly Peck, 5 higher at 268p; the interim figures are expected next month. Lonrho also went better, although volume was low, to end 4 up at 235p.

Traded Option business expanded, the total number of contracts rising to 23,105. Calls came out at 13,867 with puts at 9,438. Cable and Wireless registered 1,255 calls and 538 puts, while Hanson recorded 2,618 calls and 434 puts. The FTSE contract attracted 2,032 calls and 3,263 puts.

Traditional Options

- First dealings Mar 28
- Last dealings Apr 15
- Last declarations June 30
- For Settlement July 11

For rate indications see end of London Share Service

Interest in the Traditional option market remained at a fairly high level. Stocks dealt in for the call included Centreway Trust, Equity and General, Glaxo, Helical Bar, Standard Chartered, Cosalt, Chancery Securities, James Finaly, Avoca Gold, Ultramar, Humberside Electronic Controls, Waterford Glass, New London Oil, Scottish and Newcastle, B. Matthews and Bestwood. No put or double options were reported.

FINANCIAL TIMES STOCK INDICES

	Apr. 6	Apr. 3	Mar. 31	Mar. 30	Mar. 29	Year Ago	1987/88 High	1987/88 Low	Since Compilation High	Since Compilation Low
Government Secs	90.93	91.03	91.03	90.72	90.39	90.61	93.32 (8/5/87)	83.73 (19/10/87)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.49	97.56	97.50	97.73	97.67	96.99	99.12 (15/6/87)	90.23 (2/1/87)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1386.8	1382.9	1386.7	1398.1	1405.6	1558.6	1926.2 (16/7/87)	1232.0 (9/11/87)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	228.0	233.1	237.3	237.2	238.2	436.2	497.5 (4/8/87)	234.0 (29/2/88)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.63	4.64	4.73	4.71	4.68	3.75				
Earnings Yld. %(full)	12.11	12.14	12.09	11.98	11.90	8.54				
P/E Ratio (net)(*)	10.09	10.06	10.10	10.19	10.26	14.48				
SEAQ Bargains (5pm)	33,189	35,662	35,548	37,584	31,190	37,453				
Equity Turnover (£m)	-	862.013	915.53	1114.61	935.28	1335.37				
Equity Bargains	-	42,336	43,750	45,680	48,817	55,105				
Shares Traded (ml)	-	383.1	426.1	502.9	421.5	483.9				

S.E ACTIVITY

Indices	Apr.5	Mar.31
Gilt Edged Bargains	142.3	169.0
Equity Bargains	274.3	283.5
Equity Value	1742.4	1850.5
5-Day average		
Gilt Edged Bargains	148.1	144.9
Equity Bargains	286.4	280.6
Equity Value	1928.3	2115.1

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1389.3	1392.2	1392.5	1393.3	1393.5	1395.5	1396.9	1394.9

Day's High 1397.6 Day's low 1386.7

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=9.98 .

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

NEW HIGHS AND LOWS FOR 1987/88

NEW HIGHS (...) AMERICANS (1) [illegible], CANADIANS (1) [illegible], HOTELS (1) [illegible], PROPERTY (1) [illegible], TEXTILES (1) [illegible], INDUSTRIALS (4) [illegible]

NEW LOWS (...) BANKS (1) [illegible], ELECTRICALS (1) [illegible], FOODS (1) [illegible]

FT – ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Apr 6 1988 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1988 to date	Tue Apr 5 Index No.	Thu Mar 31 Index No.	Wed Mar 30 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (207)	733.49	+0.4	10.30	4.06	12.17	4.47	730.39	733.91	742.09	839.27
2	Building Materials (29)	997.67	+0.6	10.08	3.76	12.34	1.21	991.69	997.24	1008.13	1024.94
3	Contracting, Construction (34)	1539.90	+0.4	9.47	3.37	13.97	3.84	1533.77	1536.88	1548.69	1402.57
4	Electricals (12)	1946.87	-0.6	10.40	5.00	12.22	1.20	1958.02	1956.85	1973.38	2105.28
5	Electronics (32)	1453.75	+0.1	11.38	3.66	11.46	11.73	1452.83	1460.81	1481.59	1804.77
6	Mechanical Engineering (56)	382.52	+0.4	10.13	4.42	12.45	1.79	380.93	383.42	388.21	474.58
8	Metals and Metal Forming (7)	433.06	+0.5	9.90	4.05	12.18	0.00	430.93	436.48	438.56	453.73
9	Motors (13)	261.59	+0.7	12.56	4.65	9.31	3.85	259.79	262.27	266.63	330.96
10	Other Industrial Materials (24)	1221.74	+0.8	9.27	4.51	12.89	15.91	1211.70	1213.51	1223.89	1416.27
21	CONSUMER GROUP (188)	1022.29	+0.2	8.96	3.61	14.21	3.86	1020.04	1024.21	1031.75	1344.92
22	Brewers and Distillers (21)	1043.38	-0.1	10.59	5.65	12.01	4.24	1044.46	1047.55	1051.25	1056.34
25	Food Manufacturing (23)	803.48	-----	9.99	4.14	12.00	7.61	803.89	808.38	816.64	869.38
26	Food Retailing (16)	2029.35	+0.2	7.91	3.07	17.00	7.65	2025.36	2029.14	2053.92	2110.15
27	Health and Household (12)	1767.38	+0.3	6.08	2.68	17.25	0.45	1762.64	1765.77	1784.73	2185.85
29	Leisure (31)	1244.07	+0.6	8.01	3.75	16.03	9.64	1238.01	1239.95	1249.59	1252.14
31	Packaging & Paper (16)	473.11	-0.3	9.34	4.01	13.04	2.18	474.74	485.38	491.28	600.68
32	Publishing & Printing (16)	3317.50	+0.1	8.24	4.45	15.11	4.21	3315.19	3329.02	3372.00	3503.78
34	Stores (35)	799.79	+0.4	9.51	3.83	14.10	1.44	796.79	800.17	799.85	967.82
35	Textiles (18)	561.17	+1.5	12.33	4.35	9.32	0.34	552.75	559.35	561.46	605.06
40	OTHER GROUPS (93)	857.83	+1.0	11.03	4.36	11.33	4.08	849.10	851.17	859.48	973.21
41	Agencies (19)	1118.40	+0.5	7.20	2.32	17.92	0.04	1112.40	1105.28	1125.40	1420.01
42	Chemicals (20)	977.08	+0.6	12.15	4.93	10.09	18.33	971.71	979.57	990.59	1229.30
43	Conglomerates (14)	1140.54	+1.3	10.21	4.56	11.42	3.27	1125.86	1125.99	1142.61	1256.73
45	Shipping and Transport (12)	1906.21	+1.3	9.92	4.44	13.09	2.66	1881.97	1881.03	1901.54	1951.00
47	Telephone Networks (2)	946.62	+1.4	11.37	4.35	11.70	0.00	933.47	932.82	934.90	985.71
48	Miscellaneous (26)	1110.45	+0.7	12.82	4.52	9.36	0.69	1103.13	1115.25	1126.00	1329.15
49	INDUSTRIAL GROUP (488)	913.17	+0.5	9.80	3.93	12.76	4.24	908.67	912.15	920.35	1031.73
51	Oil & Gas (12)	1753.26	-0.1	10.01	5.78	12.44	37.52	1754.81	1768.78	1776.40	1860.84
59	500 SHARE INDEX (500)	984.17	+0.4	9.89	4.20	12.72	7.01	980.14	984.49	992.66	1102.71
61	FINANCIAL GROUP (122)	658.73	+0.5	–	4.92	–	7.67	657.85	657.73	661.73	685.00
62	Banks (8)	640.80	-0.2	23.25	6.19	5.70	15.42	642.24	641.79	646.02	723.41
65	Insurance (Life) (8)	959.70	-0.1	–	5.19	–	5.76	960.37	958.03	967.30	932.49
66	Insurance (Composite) (7)	519.75	+0.5	–	5.69	–	5.70	515.64	513.38	517.41	537.64
67	Insurance (Brokers) (7)	823.41	-0.5	14.64	7.71	8.70	16.90	827.35	836.84	846.30	1176.52
68	Merchant Banks (11)	335.74	+0.5	–	4.18	–	1.82	334.73	337.68	341.41	374.14
69	Property (51)	1111.71	+0.7	4.91	2.74	26.07	1.90	1104.06	1107.58	1109.41	953.25
70	Other Financial (30)	383.48	+0.5	10.08	4.33	12.47	2.66	381.66	384.67	385.94	455.02
71	Investment Trusts (82)	844.72	+0.4	–	3.01	–	5.24	841.09	847.73	855.34	963.16
81	Mining Finance (2)	432.96	+0.1	10.50	3.87	10.73	2.01	432.56	432.96	442.08	440.14
91	Overseas Traders (8)	978.82	+1.1	10.40	5.36	11.40	14.93	968.52	978.44	991.23	908.23
99	ALL-SHARE INDEX (714)	896.64	+0.4	–	4.27	–	7.02	893.16	896.75	904.13	998.97

	Index No.	Day's Change	Day's High	Day's Low	Apr 6	Mar 31	Mar 30	Mar 29	Mar 28	Year ago
FT-SE 100 SHARE INDEX ♦	1745.0	+7.4	1759.1	1744.9	1737.6	1742.5	1756.9	1765.1	1746.5	1976.7

FIXED INTEREST

	PRICE INDICES	Wed Apr 6	Day's change %	Tue Apr 5	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	123.34	-0.04	123.40	0.02	3.64
2	5-15 years	142.90	-0.20	143.18	–	2.95
3	Over 15 years	151.85	-0.25	152.22	–	4.16
4	Irredeemables	170.25	-0.30	170.76	–	1.54
5	All stocks	138.92	-0.16	139.14	0.01	3.35
	Index-Linked					
6	5 years	126.18	-0.16	126.38	–	0.51
7	Over 5 years	119.11	-0.33	119.51	–	0.88
6	All stocks	119.52	-0.32	119.90	–	0.85
9	Debentures & Loans	120.67	+0.68	119.85	–	2.27
10	Preference	88.79	+0.25	88.56	–	1.47

	AVERAGE GROSS REDEMPTION YIELDS		Wed Apr 6	Tue Apr 5	Year ago (approx.)
	British Government				
1	Low Coupons	3 years	8.59	8.57	8.08
2		15 years	8.97	8.94	8.94
3		25 years	8.87	8.85	8.97
4	Medium Coupons	5 years	9.02	8.98	9.02
5		15 years	9.18	9.13	9.14
6		25 years	9.05	9.00	9.15
7	High Coupons	5 years	9.12	9.08	9.15
8		15 years	9.31	9.28	9.27
9		25 years	9.08	9.04	9.10
10	Irredeemables†		8.86	8.83	9.01
	Index-Linked				
11	Inflation rate 5%	5yrs.	2.25	2.19	2.69
12	Inflation rate 5%	Over 5 yrs.	3.77	3.75	3.35
13	Inflation rate 10%	5 yrs.	1.36	1.29	2.09
14	Inflation rate 10%	Over 5 yrs.	3.61	3.58	3.22
15	Debs & Loans	5 years	10.75	10.82	9.83
16		15 years	10.55	10.65	10.05
17		25 years	10.55	10.65	10.00
18	Preference†		10.16	10.18	10.88

♦Opening index 1748.7; 10 am 1751.2; 11 am 1752.6; Noon 1754.3; 1 pm 1756.5; 2 pm 1757.7; 3 pm 1758.4; 3.30 pm 1757.1; 4 pm 1756.3

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p. CONSTITUENT CHANGES: Henderson Group (2) has been deleted and replaced by Shanks & McEwan (48).

LONDON TRADED OPTIONS

[illegible]

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA Group	944	Enterprise Oil	387	Prudential	1,400
Allied-Lyons	848	Fisons	895	Racal	3,700
Amstrad	794	General Accident	701	Rank Org.	311
Argyll Group	858	General Elect.	9,300	RMC	325
Assoc. Brit. Foods	73	Glaxo	1,600	RHM	641
BAA	1,100	Globe Investment	678	Reckitt & Colman	196
BAT	2,000	Granada	743	Redland	508
BET	1,900	Grand Met	1,400	Reed Intl.	799
BICC	1,300	GUS "A"	108	Reuters "B"	609
BOC	1,500	Guardian R.E.	657	RTZ	1,600
BPB Inds	652	GKN	412	Rolls-Royce	4,100
BTR	1,600	Guinness	406	Rothmans "B"	534
Barclays	1,600	Hammerson	432	Rowntree	1,400
Bass	807	Hanson	20,000	Ryl Bank Scotland	536
Beecham	1,100	Hawker Siddeley	150	Royal Insurance	1,200
Blue Arrow	2,400	Hillsdown Holdings	1,700	STC	923
Blue Circle	419	IMI	1,100	Saatchi & Saatchi	1,600
Boots	655	ICI	1,100	Sainsbury	485
Brit. Airways	1,700	Jaguar	1,300	Scott & Newcastle	595
Brit. Aerospace	1,200	Ladbroke	389	Sears	3,300
Brit. & Comm.	594	Land Securities	614	Shell Transport	1,000
British Gas	6,400	Laporte	797	Smith & Nephew	4,600
BP	2,400	Legal & General	1,500	Storehouse	3,700
Brit. Telecom	3,300	Lloyds Bank	445	Sun Alliance	730
Burmah Oil	925	LASMO	1,300	T & N	1,000
Burton	233	Lonrho	976	TSB	2,100
Cable & Wireless	3,900	Lucas	939	Tarmac	712
Cadbury Schweppes	1,700	MEPC	193	Tesco	2,300
Coats Viyella	835	Marks & Spencer	2,300	THORN EMI	256
Commercial Union	1,700	Maxwell Comm.	2,700	Trafalgar House	1,000
Cons. Gold	255	Metal Box	531	Trusthouse Forte	2,700
Cookson	1,600	Midland Bank	578	Ultramar	872
Courtaulds	2,800	NatWest Bank	776	Unilever	710
Dalgety	178	Next	2,000	United Biscuits	304
Dee Corporation	1,800	Northern Foods	2,400	Wellcome	898
English China Clays	383	Pearson	493	Whitbread "A"	473
		Pearl Group	188	Williams Holdings	2,400
		P & O	761	Woolworth	2,200
		Pilkington	2,100		
		Plessey	2,200		

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	25	66	23
Corporations, Dominion and Foreign Bonds	4	18	29
Industrials	539	279	751
Financial and Properties	207	54	383
Oils	33	18	58
Plantations	2	0	11
Mines	28	73	103
Others	121	46	76
Totals	959	554	1,434

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1987/88 High	1987/88 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
[illegible]											

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

WORLD STOCK MARKETS

AUSTRIA — [illegible]

BELGIUM/LUXEMBOURG — [illegible]

DENMARK — [illegible]

FINLAND — [illegible]

FRANCE — [illegible]

GERMANY — [illegible]

ITALY — [illegible]

NETHERLANDS — [illegible]

NORWAY — [illegible]

SPAIN — [illegible]

SWEDEN — [illegible]

SWITZERLAND — [illegible]

SOUTH AFRICA — [illegible]

JAPAN — [illegible]

AUSTRALIA — [illegible]

HONG KONG — [illegible]

SINGAPORE — [illegible]

CANADA

TORONTO

Closing prices April 6

[illegible]

MONTREAL

Closing prices April 6

[illegible]

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued from Page 43

[illegible]

INDICES

NEW YORK — DOW JONES

	Apr. 5	Apr. 4	Mar. 31	Mar. 30	1987-88 High	1987-88 Low	Since compilation High	Since compilation Low
♦Industrials	1997.51	1980.6	1988.06	1978.12	2722.42 (25/8/87)	1738.42 (19/10/87)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	89.32	89.52	89.76	89.70	95.51 (9/2/87)	81.26 (19/10/87)	–	–
Transport	857.83	856.78	863.05	859.47	1101.16 (14/8/87)	661.00 (4/12/87)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	171.35	170.52	171.47	171.29	227.83 (22/1/87)	160.98 (19/10/87)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2011.27 (2013.26) Low 1969.99 (1969.5)

STANDARD AND POOR'S	Apr. 5	Apr. 4	Mar. 31	Mar. 30	1987-88 High	1987-88 Low	Since compilation High	Since compilation Low
Composite‡	258.51	256.09	258.89	258.07	336.77 (25/8/87)	223.92 (4/12/87)	336.77 (25/8/87)	4.40 (1/6/32)
Industrials	300.17	297.15	300.39	299.37	393.17 (25/8/87)	255.43 (4/12/87)	393.17 (25/8/87)	3.62 (21/6/32)
Financials	22.17	22.08	22.32	22.28	32.43 (25/8/87)	20.39 (7/12/87)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	146.29	145.17	146.60	146.22	187.99 (25/8/87)	125.91 (4/12/87)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. value	295.07	295.01	296.43	295.67	365.01 (13/8/87)	231.90 (4/12/87)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	373.41	371.89	374.64	371.78	455.26	291.90	455.26	54.87

Dow Industrial Div. Yield; S & P Industrial div. yield; S & P P/E ratio; TRADING ACTIVITY — [illegible]

World indices (Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Italy, Japan, Netherlands, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, World) — [illegible]

CANADA

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Tr.2pc.I.L.1996	£135¾	+ ⅜
AGB Research	198	+ 7
BICC	315	+ 10
Babygro Hldgs.	71	+ 6
Cable & Wireless	331	+ 13
County Props B	195	+ 53
Meyer Intl.	377	+ 7
Pearl	428	+ 8
Preedy (A.)	220	+ 68
Reckitt & Colman	803	+ 13
Vibroplant	698	+ 25

FALLS		
Bunzl	144	– 13
Coloroll	180	– 7½
Crowther (J.)	173	– 7
Kleinwort Benson	349	– 7
Lex Service	328	– 9
Lucas Inds.	523	– 16
Rover	61	– 9

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25 5/8	14	AAR s	.06	1.5	20	345	23 3/4	23 1/4	23 3/4	+3/8
27	10 1/2	AGS s			14	624	17	15 7/8	17	+3/4
10 1/2	4 3/8	AMCA				8	4 3/4	4 5/8	4 3/4	+1/4
8 5/8	3 1/4	AM Intl				757	4 1/8	4	4	
65 1/2	29 5/8	AMR			13	6499	43 1/8	41 3/4	42 7/8	+5/8
12 1/4	6 3/8	ARX			5	40	8 1/4	8 1/8	8 1/8	-1/8
73 1/2	40 1/8	ASA	3	6.8		495	45	44 1/8	44 3/8	-7/8
22 5/8	9 1/2	AVX			14	12	16 1/2	16 3/8	16 3/8	-1/8
66 3/4	40	AbtLab1.20		2.5	17	11316	47 7/8	46 1/8	47 5/8	+3/4
26	15 3/8	Abitibi g	1			72	18 1/4	17 7/8	17 7/8	-3/8
18 3/4	8 1/2	AcmeC .40		3.9		283	13 3/8	13	13 1/4	-1/8
10 1/2	6 5/8	AcmeE.32b		4.4	29	3	7 1/2	7 1/8	7 1/4	
26	14 1/2	AdaEx 2.930		19.		67	15 3/4	15 3/8	15 3/4	+3/8
19 1/4	6 3/8	AdamM.24		1.8	11	55	13 1/4	13	13 1/4	+3/8
24 7/8	7 1/2	AMD				4120	12	11 3/4	11 7/8	+3/4
56 3/4	29 1/4	AMD pf	3	6.5		30	35 1/2	34 1/2	35 1/2	+1
11 7/8	4 5/8	Adobe			18	28	7 5/8	7 3/8	7 3/8	-1/4
20 1/2	13 1/4	Adob pf 1.84		10.		32	18 1/8	17 7/8	18 1/8	+1/2
15	6 7/8	Advest .12a		1.7	7	79	7 1/8	7	7 1/8	
64 1/2	42 5/8	AetnLf 2.76		3.2	6	3869	44 7/8	44 1/4	44 3/8	-1/2
63 1/2	41	AflPub .40		.6	36	178	62 1/2	61 7/8	62 1/2	+7/8
24 3/4	13	Ahmans.88		5.9	7	6242	15 1/8	14 5/8	15 1/8	+1/4
5	1 3/4	Aileen				150	2 1/2	2 3/8	2 1/2	-1/4
53 7/8	29	AirPrd	1	2.1	16	1479	46 3/4	44 1/8	46 3/4	+2 1/4
36	11 1/8	AirbFrt .60		3.5	19	159	17 1/4	16 3/4	17 1/8	+1/4
16 1/2	6 3/4	Airgas			17	370	13 1/2	13 1/2	15 1/8	
18 3/4	16 1/2	AirleaseB.30		12.	18	20	18 3/4	18 1/2	18 3/4	
1/8	5-16	AlMoan			47	6	1/2	15-32	15-32	-1-4
10 1/2	7 5/8	AlaP dpf.87		9.3		49	9 3/8	9 1/4	6 5/8	+1/4
104	81 1/2	AlaP pf 9		9.9		z400	91 1/2	91	91	-2
107	85 1/2	AlaP pf 9 44		9.9		z520	95	95	95	-1
94	77	AlaP pf 8.28		9.9		z50	84	84	84	+1/8
25	12 1/4	AlskAir .16		.9	24	1762	17 1/8	16 3/4	17	-1/4
26	14 3/4	Alberto .30		1.0	19	147	29 3/4	29 1/8	29 3/4	+1/2
26 1/4	12 5/8	AlbCul.30		1.4	14	76	22 1/8	21 3/4	21 3/4	+3/8
34	20 1/4	Albtsn s .66		1.0	17	2567	31 3/4	26 1/4	31 3/4	+2 1/4
37 7/8	18	Alcan s .72		2.5	11	8719	28 1/2	27 1/4	28 1/2	+1
30	15 1/4	AlcoS s .66		2.7	12	1217	25	23 3/4	24 3/4	+7/8
30 3/8	15 7/8	AlexAlx	1	4.5	15	611	22 3/8	21 7/8	22 3/8	+1/2
59	34 3/4	Alexdr			782	333	55 7/8	50 3/4	54 3/4	+4 1/4
92 1/2	61 1/2	AllegCp			8	18	73 1/4	73	76	-3/4
24 3/4	2 1/8	vjAlgInt				200	2 3/4	2 5/8	2 3/4	
20 1/8	6 1/4	vjAlgI pr				6	6 3/4	5 5/8	6 5/8	
66 1/2	17	vjAlgI pfC				6	18 3/8	18	18	+1/4
54	15 1/8	AlgLudn.30e		1.2	11	187	24 1/4	23 7/8	24 1/4	+1/4
41 7/8	31 5/8	AligPw	3	3.0	9	3343	37 1/2	36 7/8	37 1/2	+1/2
105 7/8	55	Allegis			14	4059	94 1/8	82 5/8	83 3/4	+7/8
87	79 3/4	Alegi wd				130	83 1/2	82 3/4	38 1/2	+3/4
18 3/8	3 1/2	AllenG				274	11	10 3/4	18 3/4	-1/8
24 7/8	9 1/4	Allen pf1.76		13.		26	14	14	14	
40	12 3/8	AlldPd				66	19 1/4	18 3/4	19	-3/8
48 3/4	26	AldSgnl.80		5.5	9	3773	33 1/8	31 3/4	32 7/8	+7/8
6 5/8	1	vjAllisC				66	1 1/4	1 1/8	1 1/8	
31 1/4	4 3/8	AlisC pf				4	4 3/8	4 3/8	4 3/8	
10 3/8	8 7/8	AlstMun.30e		3.0		231	18	9 7/8	9 7/8	-1/8
64 1/2	23	ALLTL s1.52		4.9	10	866	31 1/8	30 3/4	31	+1/4
64 3/4	33 3/4	Alcoa	1.20	2.6	18	3209	45 7/8	44	45 7/8	+1 7/8
32	14	AmxG n.08e		.8	62	14	22	21 7/8	29	-1/4
29 1/4	12 1/2	Amax			24	2365	20 5/8	20	20 5/8	+3/8
47 3/4	34	Amax pf	8	7.4		8	40 3/4	40 3/4	40 3/4	-1/4
41 7/8	21 1/8	AmHes .60		1.9	11	2749	31	29 3/8	31	+1 3/8
30 3/8	12 3/4	ABrck s.05e				489	21 1/2	29 1/2	20 5/8	-1/2
60	36 1/2	AmBrnd2.20		4.9	18	6415	46 3/4	43 3/4	44 3/4	+3/4
34 3/8	27 3/4	ABrd pf2.75		9.3		8	23	28 3/4	28 3/4	-1/4
26 5/8	18	ABldM .92		4.2	15	105	22 1/8	21 5/8	22 1/8	+5/8
31 1/2	15 1/2	ABusPr.88		3.6	15	3	24 1/2	24 1/4	24 1/2	+1/2
23 5/8	17 7/8	ACapBd.20		10.		66	21 3/8	21 1/8	21 1/4	-1/4

[illegible]

Continued on Page 43

NYSE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close

Continued from Page 42

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18 7/8	9 1/8	PopBy s	.16	.8	21	1443	13	12 3/4	12 3/4	
42 1/4	25 1/2	PepsiCo	.58	1.8	18	11383	36 1/8	34 7/8	36	+1 1/4
12	7 5/8	PerkF	1.20e	12.	12	70	10	9 5/8	9 3/4	−1/8
41 1/8	18 1/2	PerkEl	.80	2.3		7007	26 1/2	26	26 1/2	+1/2
8 1/8	5 1/8	Prmian	.60e	10.	19	258	6 1/8	6	6	−1/8
10 1/4	9 3/4	PrLP	pf1.15	14.		227	8 1/8	8	8 1/8	−1/8
14 7/8	5 1/4	PeryDr				258	9 3/8	9	9 3/4	+1/4
40	14 1/2	Petrie	.20	1.0	20	824	20 3/4	19 5/8	20 3/8	+5/8
21	15 3/8	PetPar	2.08	11.	16	599	18 7/8	18 3/4	18 7/8	+1/8
33 1/2	20 1/2	PetRs	2.98e	12.		62	24 7/8	24 5/8	24 7/8	
16	16	PetRs	pf1.57	9.5		1	16 1/2	16 1/2	16 1/2	+1/2
2 1/8	3/4	Ptrlnv	.22e	16.		80	1 3/8	1 3/8	1 3/8	+1/8
76 1/2	48	Pfizer	2	3.5	14	5826	57 1/8	55 3/4	56 7/8	+1 1/4
60	30 1/8	PhelpD	.60	1.4	9	2020	43 1/4	41 1/4	42 1/8	+1 5/8
74	37	PhlpD	pf 3	5.1		110	58 1/2	58 1/8	58 1/2	+1/8
23 3/8	16 3/4	PhilaEl	2.20	12.	6	2794	19	18 7/8	19	+1/8
46 1/2	36 1/2	PhE	pfC4.40	11.		z116	40	40	40	+1/8
91	69	PhE	pfG8.75	11.		z300	81 7/8	81 7/8	81 7/8	
103 1/2	85	PhE	pfS9.50	11.		z5060	86 1/4	85	86 1/4	+1/4
100 3/4	85	PhE	pfT9.87	10.		z300	96	96	96	
13 1/4	11	PhE	pfR1.41	12.		66	12 1/8	11 3/4	11 3/4	−1/8
12 1/2	9 7/8	PhE	pfP1.33	12.		61	11 1/2	11 1/8	11 1/4	−1/8
88	65 3/8	PhE	pfH7.80	11.		z770	72 1/4	72 1/8	72 1/4	+1/8
12 1/4	9 3/4	PhE	pfO1.28	12.		76	11 1/8	11	11	
117	106 1/8	PhE	pfM15.25	14.		z70	110	109 1/2	110	
97 1/2	79	PhE	pfK9.50	11.		z2200	88	87 1/4	88	+1/8
82	64	PhE	pfJ7.80	11.		z270	72	71	71	−1/4
16 7/8	12 1/8	PhilSub	.94	6.2	14	19	15 1/2	15 1/4	15 1/4	
124 1/2	77 1/8	PhilMr	3.60	3.9	12	8006	93 3/8	90 1/8	93	+2 7/8
23 7/8	12 1/2	Philpln	.44	2.1	14	1087	21	20	21	+1/2
27 1/8	12 3/8	PhilGl	.85e	5.4	7	541	15 3/4	15 3/8	15 3/4	+3/8
18 3/4	16	PhilPet	.60	3.4	292	10890	17 1/2	16 1/4	17 1/2	+1 1/8
24 3/4	22 3/8	PhlPt	pf1.75e	7.3		50	23 7/8	23 7/8	23 7/8	
28 1/2	7 3/8	PhlVH	g .28	2.5	6	173	11 5/8	11 1/4	11 3/8	−1/8
[illegible]										

X Y Z

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
30	88	Xerox	6	5.5	10	4878	55 1/4	52 7/8	54 5/8	+2
60 3/4	40 7/8	Xerox	pf4.13	8.4		152	49 1/4	49	49 1/8	
34 3/8	19 1/8	XTRA	.64	2.5	16	133	32 1/4	31 3/4	32	
42 3/4	17 1/2	Yorkin			15	2147	42	40	42	+2
7 1/4	2 1/4	Zapata				348	3 3/8	3 1/8	3 1/4	+1/8
37	13 1/2	Zayre	.40	1.7	11	8846	23 1/2	22	23 1/2	+1
18 1/8	6 3/4	Zemex	.40	3.0	17	53	13 1/2	13 3/8	13 1/2	+3/8
33 5/8	13	ZenithE				4149	19 7/8	18 3/8	19 7/8	+1 1/8
12 7/8	2 3/8	ZenLab				735	2 1/2	2 3/8	2 1/2	
24	13 1/2	ZenNtl	.80	4.1	9	58	20	19 5/8	19 5/8	−3/8
20 3/8	11 3/8	Zero	.60	2.5	15	66	14 5/8	14 1/4	14 5/8	+3/8
30 3/4	15	Zurnin s	.68	3.2	14	236	21 5/8	20 5/8	21 1/2	+1
10 5/8	7 3/8	Zweig	1.34e	14.		x761	9 1/8	9 3/4	9 3/8	+1/4

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 41

AMERICA

Equities and bonds soar as dollar makes a comeback

Wall Street

THE DOW JONES Indnstrial Average surged to its largest one-day gain since the first trading sessioo of the year and bond pricas rallied strongly in response to renewed strength in the dollar, *writes Janet Bush in New York.*

The Dow closed 64.16 points higher at 2,061.67 in heavy volume of 190m shares. This was the index's largest daily movement since the 140.58 point fall on January 8 and the New York Stock Exchange's limits on the use of its Superdot electronic order system by stock index arbitrageurs since the self-imposed rule was introduced on February 4.

The bond market also rallied and in late trading the Treasury's 30-year benchmark long bond stood around ¾ point higher to yield 8.76 per cent.

The buying in both markets was triggered by a rebound in the dollar, apparently on reports by a Japanese news service, Nikkei Telecom, which quoted Japanese Ministry of Finance and Bank of Japan sources as saying that the Group of Seven leading industrial nations had agreed to reaffirm an official floor for the dollar's rate against the yen at Y125.

Even as rumours spread of official denials to the report and the dollar fell back somewhat, stocks and bonds continned to rally.

On the equity market, traders reported heavy stock index arbitrage-related buying in the first stages of the rally. However, when arbitrage was shnt off as the Dow reached the 50 point limit, genuine institutional buying seemed to have taken hold and the Dow continued to rise, ending on the day's highs as the closing bell rang.

In late trading in New York, the dollar was quoted just off its day's highs at Y126.05 and DM1.6785.

The US currency had already been given a slightly firmer tone late Tuesday, partly by talk of higher US interest rates and by public comments by various US Federal Reserve officials about the need to be vigilant about inflation. The comments by Mr Wayne Angell, Fed Governor, on Tuesday that the current rate of US inflation was completely unsatisfactory were widely noted.

The Fed Funds rate was qnoted at a very firm 7¼ per cent for most of yesterday morning and the US Fedaral Reserve announced it was adding reserves through overnight system re-purchase agreements. This move was widely expected, given the Fed's decision not to operate on Monday and Tuesday. The Fed also announced it was executing a coupon pass adding reserves to the system, which helped sentiment.

Yesterday's rally in equities was the most convincing movement for weeks. The market has been suffering from a total lack of conviction and had been undermined by talk of higher interest rates and by the weakness of the bond market.

Blue chips ended stronger. International Business Machines added $2¼ to $109⅝. Proctor & Gamhle rose $2⅞ to $80⅞. General Electric gained $1⅛ to $4⅜ and Bethlehem Steel added $¾ to $20½.

F W Woolworth, which has been by far the strongest blue chip this week on speculation the company may face a takeover bid, yesterday reversed some of its substantial gains, falling $1⅞ to $54⅞.

Koppers fell $¾ to $55⅞. The company said it had not taken a position on the $60 a share takeover bid from Beazer because of pending litigation. The share prices was also under pressure because of Koppers' comments in court on Tuesday that progress was limited on its restructuring plans.

The takeover saga centring on Moore McCormack Resources finally came to an end yesterday as the company signed a definitive agreement to be taken over the Southdown for $40 a share in cash. The two companies have agreed to dismiss all pending litigation between the parties. Moore McCormack dropped $⅞ to $39⅞ and Southdown added $⅛ to $40⅞.

Canada

THERE WAS a strong recovery from earlier losses as the Toronto market moved ahead in tandem with gains on Wall Street.

The composite index, which had dropped about 8 points in earlier trading, rose 32.2 to 3,360.6 as advances outpaced declines by 426 to 350 on moderate volume of 23.7m shares.

Best and worst performing sectors in US; % change in $ terms during first quarter 1988 (fourth quarter 1987 in brackets).

TOP FIVE	
Textile/wearing appl.	27.9 (-36.1)
Heavy eng/shipbldg.	24.4 (-33.6)
Other energy	21.8 (-35.2)
Retail trade	20.3 (-31.2)
Auto components	18.4 (-26.2)
BOTTOM FIVE	
Real estate	-1.3 (-27.9)
Entertainment	-1.6 (-27.7)
Mining-metals/mins.	-3.2 (-24.5)
Comps./comms.	-6.3 (-23.9)
Electrical equip.	-7.0 (-26.4)

Figures supplied by Wood Mackenzie

THE TEXTILE industry, the top performing sector in the US in dollar terms during the first quarter, has benefited from sweeping efforts to cut capacity and modernise, placing it in a good position to profit from the decline in the dollar, *writes Janet Bush in New York.* Strong domestic growth has boosted domestic demand to the point whera most textile manufacturers are operating at full capacity.

The healthy first quarter performance of US anto parts manufacturers partly reflects the fact that this sector was very badly hit during the October market collapse. However, companies continue to benefit from large US car manufacturers, which, facing intense international competition and pressure to cut costs, buy parts from small, specialised manufacturers rather than make them in-house.

Electrical equipment, the worst performing sector, faces mixed prospects. On one hand, the decline in the dollar has encouraged some sectors of industry to invest in capital goods, benefiting this sector. On the other, residential construction is likely to decline this year.

EUROPE

Sentiment boosted by gains in US

UPWARD movements in the dollar and in New York gave most European markets a bit of a boost yesterday, although turnover remained at low levels, *writes Our Markets Staff.*

FRANKFURT continued to follow the direction of the dollar and Wall Street, opening firmer and ending near the best levels of the day.

The FAZ index rose 4 to 455.72, helped by the Frankfurt fixing of the dollar at DM1.6678, compared with the previous DM1.6589, and by the overnight rise in New York. One salesman said: "I don't think there are any fundamentals driving share prices. One has to look across the pond."

Volume remained at low levels yesterday. Banks were helped by a large buy order for Deutsche Bank, thought to have come from overseas. The issue added DM15.40, or 4 per cent, to DM417.50, followed by Dresdner, up DM7.70 at DM246.20 and Commerzbank, which rose DM7 to DM234.50.

Deutsche Varkshrs-Kredit-Bank put on DM7 to DM162 on the first day of trading. The Government has privatised 24.9 per cent of the bank.

The stronger dollar, and hopes of a further rise in the currency, boosted export shares, especially in the car sector.

VW gained DM5.80 to DM244.50 and Daimler and BMW both added DM3 to DM642 and DM505 respectively.

Porsche added 50 pfg to DM530.50 amid rumours that Volvo of Sweden was considering a takeover of it or a co-operation pact. Porsche, which also raported a 25 per cent drop in US sales last month, denied the rumours.

Bonds were steady in the absence of a lead from the US bond market, and yields on the 6¼ per cent 1998 unit were unchanged at 6.23 per cent.

PARIS was boosted late in the day by better-than-expected results from electrical group CGE and ended slightly higher after a generally quiet session.

CGE added FFr14, or 7 per cent, to FFr220 after reporting sharply higher annual profits. Most of the stock's gains came in a few minutes of trading when the news was announced just before closing.

Investor activity was otherwise rather limited in the run-up to the presidential election. The CAC General index added 0.6 to 285.2 and volume was estimated at a low FFr600m.

Electronics company Thomson-CSF, due to report annual results on Friday, saw some activity, closing the day FFr3.80 higher at FFr153.80.

AMSTERDAM ended higher in a quiet session with sentiment boosted by gains in other overseas markets and a firm dollar.

Transport company Nedlloyd rose to a new high for 1987, adding Fl 10 to Fl 220 on lingering takeover speculation.

Insurer Amev, which reported a 9.5 per cent drop in annual profits – generally better than expected – added 40 cents to Fl 54.10. And Nationale Nederlanden, which reports today, put on Fl 1 to Fl 58.80.

International favourites were strong, with Akzo up Fl 3.20 at Fl 107.40 and Philips, which announced a Fl 100m ($53.8m) contract won by its German medical systems division, gained 70 cents to Fl 28.90.

Volume remained low after the holiday and the ANP-CBS index gained 5.2 to 248.9.

ZURICH edged upwards in moderate turnover, helped by gains on Wall Street and in Tokyo as well as the steady dollar.

The market saw some speculative activity following the purchase by Mr Werner Rey of 20 per cent of engineering group Sulzer and the purchase of a 55 per cent stake in machinery maker Adolph Saurer by Mr Tito Tettamanti.

Sulzer registered shares saw high turnover, adding SFr210 to SFr1,960. Saurer bearers rose SFr15 to SFr370, steelmaker Von Roll rose SFr150 to SFr1,300 and Oerlikon-Bührle put on SFr15 to SFr910.

Alusuisse, which announced a record investment programme and a return to profit, saw its bearers rise SFr9 to SFr639. The Crédit Suisse index ended 4.5 higher at 443.1.

MILAN stocks ended slightly weaker but above their day's lows in thin, dull trading, with the MIB index off 1 at 1,080.

Stet, the state telecommunications concern, bucked the trend, rising L85 to L3,100. Its subsidiary, Italtel, posted an increase in 1987 profits from L75.1bn to L121.1bn.

Nuovo Pignone, the mechanical engineering group owned by the state energy company ENI, fell L40 to L94,420 on news of almost unchanged annual earnings. About 25 per cent of Nuovo shares are traded in Milan, with the rest held by ENI.

BRUSSELS saw very thin turnover – less than BFr1bn worth of shares compared with this year's average of BFr1.7bn – and stocks moved mostly downwards.

The Brussels index lost 33.84 to 4,771.74. The rising dollar and overnight gain on Wall Street failed to boost the market.

Blue chip stock Petrofina defied the general trend, rising BFr50 to BFr11,250 on fairly heavy volume of 13,000 shares. The company, which says it is always on the look-out for oil reserve acquisitions, has asked its shareholders to sanction a BFr5bn rise in authorised capital to BFr15bn.

Société Générale de Belgique continued to fall on the cash market as buying interest dried up, ending BFr690 lower at BFr6,260.

STOCKHOLM rallied late in the day in moderate turnover, helped by liquidity among domestic institutions.

The Affaersvaerlden general index rose 0.9 per cent to 797.2 and turnover was almost double Tuesday's at SKr266m.

Volvo B shares gained SKr7 to SKr340 after its food division denied it was negotiating to buy Pillsbury of the US.

Swedish Match was unchanged at SKr139. The Swedish Bank Inspection Board said it had approached the UK and France for help in its investigation into possible insider trading in Swedish Match shares.

Electrolux and Ericsson B-shares rose SKr4 each to SKr242 and SKr244 respectively.

MADRID had a dull day's trading and prices closed mostly lower.

The general index slipped 1.12 to 271.75, with market leader Telefonica losing 2 percentage points to 171.75 of par.

OSLO rose in active trading. The all-share index increased by 4.63 to 296.11 as shares worth NKr167m changed hands.

HELSINKI ended higher, led upwards by banking stocks, after an active session. The Unitas index gained 3 to 683.8.

● The South African market was closed yesterday and on Tuesday for the Founder's Day holiday.

London

RUMOURS about an impending rights issue hit London share prices in late trading yesterday, reducing the day's gains.

Overnight rises in Tokyo and New York boosted early sentiment and the FT-SE 100 index reached 1,759.0. But it closed just 7.4 higher at 1,745.8, hit also by nervousness about Wall Street's direction as London closed.

International stock Hanson Trust was the most actively traded issue with about 20m shares changing hands, closing 2p better at 128½p.

THE LENGTHY struggle for control of Société Générale de Belgique has thrust the holding companies sector into top place in the European performance league this year, *writes Alison Maitland.*

As the accompanying table shows, the sector has jumped 23.8 per cent in sterling terms after crashing 28.7 per cent in the final quarter of last year.

In Belgium, La Générale alone has accounted for 11.38 percentage points of the market's 36 per cent rise in local currency terms, according to figures supplied by Wood Mackenzie and based on the FT-A World Indices.

Forestry and paper products are recovering from low levels, while mining and metals have benefited from firm prices for hard metals like nickel.

Among the worst performers are sectors covering small or illiquid stocks, which have lost favour since the crash.

Best and worst performing sectors in continental Europe; % change in £ terms during first quarter 1988 (fourth quarter 1987 in brackets).

TOP FIVE	
Holding companies	23.8 (-28.7)
Forestry/paper prods.	18.3 (-37.3)
Mining-mets./mins.	17.8 (-34.0)
Divers. ind. mnfg.	15.2 (-35.0)
Consumer gds./serv.	13.9 (-35.7)
BOTTOM FIVE	
Financial ins./serv.	-4.4 (-28.8)
Wholesale trade	-4.5 (-32.7)
Auto components	-6.6 (-39.0)
Textile/wearing appl.	-10.8 (-42.9)
Real estate	-11.4 (-13.5)

Figures supplied by Wood Mackenzie

Financial services have been affected by worries over interest rates and the direction of stock markets. In textiles and clothing, export stock Benetton has suffered from a weak dollar while DMC and Prouvost in France have shed their previous relative strength arising from takeover talk.

ASIA

Nikkei verges on its all-time high

Tokyo

THE OVERNIGHT gain on Wall Street and a pause in the yen's rise helped push the Nikkei average close to its all-time high in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The index added 195.82 to 26,511.17, ending just 135 short of its October 14 peak of 26,646. During the day it moved between 26,326.33 and 26,511.37 on sharply higher volume of 1.2bn shares, against the previous day's 684m.

Best performers included giant-capitals, heavy electricals and stainless steels, and advances outpaced declines by 575 to 317, with 160 issnes unchanged.

Bnying interest shifted from large-capital steels and shipbuildings to leading high-technology stocks. Brokers said high-tech stocks had yet to hit record highs while big-capitals had scaled new peaks. High-tech issues were also boosted by growing domestic demand.

Among main high-technology gainers, Matsushita Electric Industrial climbed Y70 to Y2,740, NEC Y40 to Y2,110 and Fujitsu Y20 to Y1,490.

The popularity of heavy electricals gathered momentum, with Toshiba Corp rising Y36, or 4.6 per cent, to Y813, and Mitsubishi Electric Y14 to Y754.

Large-capitals made steady gains although buying interest was weaker than in recent sessions. Nippon Steel was again the most active stock with 113.7m shares, gaining Y12 to Y490. Sumitomo Metal Industries added Y7 to Y420 and Nippon Kokan Y11 to Y400.

The strongest performer in the giant-capital sector was Mitsubishi Heavy industries, which surged Y38, or 5.6 per cent, to Y715 on the second largest volume of 108.4m shares. Bargain-hunters were encouraged by its low price compared with Ishikawajima-Harima Heavy Industries and Sumitomo Heavy Industries.

News of rising stainless steel prices gave related stocks sizeable gains. Daido Steel strengthened Y55 to Y663 on the eighth biggest volume of 17.2m shares, Pacific Metals Y40 to Y770 and Nippon Yakin Kogyo Y31 to Y776.

Leading chemicals were also popular, helped by their improved earnings positions. Mitsubishi Petrochemical and Mitsui Petrochemical added Y50 each to Y1,630 and Y1,540, while Showa Denko firmed Y20 to Y783.

Bonds strengthened on dealer demand sparked by the previous day's decline. The yield on the benchmark 5.0 per cent government bond, maturing in December 1997, fell from Tuesday's 4.260 per cent finish to 4.215 per cent. At one stage it tumbled to 4.200 per cent. Institutional investors bought bank debentures and high-yielding 20-year government debts in small lots.

Osaka stocks staged a strong rally, with buying focusing on large-capitals. The Osaka Securities Exchange average closed 166.02 higher at 26,588.07 on a turnover of 143.4m shares, up 75.2m.

Nippon Dream Kanko surged a maximum Y200 to Y1,490.

Best and worst performing sectors in Japan; % change in yen terms during first quarter 1988 (fourth quarter 1987 in brackets).

TOP FIVE	
Financial inst/serv.	55.1 (-37.9)
Real estate	43.5 (-33.1)
Heavy eng/shipbldg.	38.9 (-18.8)
Wholesale trade	36.8 (-20.4)
Mining-metals/mins.	33.4 (-16.8)
BOTTOM FIVE	
Health/personal care	15.5 (-16.8)
Media	15.2 (-1.9)
Bus.serv./comp.s'ware	14.9 (-25.9)
Constr./bldg mats.	14.7 (-17.9)
Food/grocery prods.	12.5 (-13.0)

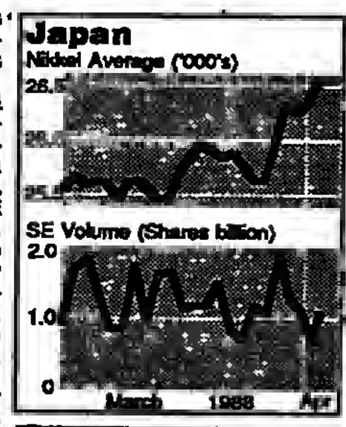
Figures supplied by Wood Mackenzie

SOARING demand for the big four brokers put the financial services sector in the lead in Japan last quarter, as the accompanying table shows, *writes Alison Maitland.*

The property boom helped push real estate into second place, while the big wholesale trading bouses have been helped by surging imports.

While the Japanese scene has been dominated by success, a few sectors have fallen behind the market'e 25 per cent rise. Health and personal care is seen as a defensive sector – "when the market's sick buy pharmaceuticals to make it better" goes the local adage – and it has lost out in the recent bull run. The same goes for food stocks, which did particularly well last year.

Construction materials have been hit by market expectations that the current strength of the economy will mean a smaller supplementary budget this year.



Hong Kong

A LATE round of buying by foreign and local institutions gave a boost to the market and the Hang Seng index rose 12.59 to 2,556.56.

Trading was quiet on the first session after the holiday, however, with no fresh news to give the market direction. Turnover rose to HK$778.4m from HK$668m last Thursday.

Institutions sought blue chips, especially property shares, in late trading.

Australia

POST-EASTER malaise continued to pull shares lower with the market recording one of its lowest post-crash trading volumes.

The All Ordinaries index fell 4.9 to 1,407.6 on turnover of 60.2m shares against 62.6m on Tuesday.

Resource stocks were mostly easier. Western Mining lost 14 cents to A$5.24, CRA fell 10 cents to A$6.40 and MIM dropped 3 cents to A$1.66.

Singapore

LIGHT speculative buying and bargain hunting took sbars prices higher in spite of some late profit-taking.

The overnight rise and gains in Tokyo helped sentiment and the Straits Times Industrial index added 8.19 to 935.02. Turnover jumped to 14m ebares from 10.9m.

Activity centred mainly on cheaper-priced stocks, with Faber Merlin the most active, adding 2 cents to 34 cents on volume of more than 1m shares.

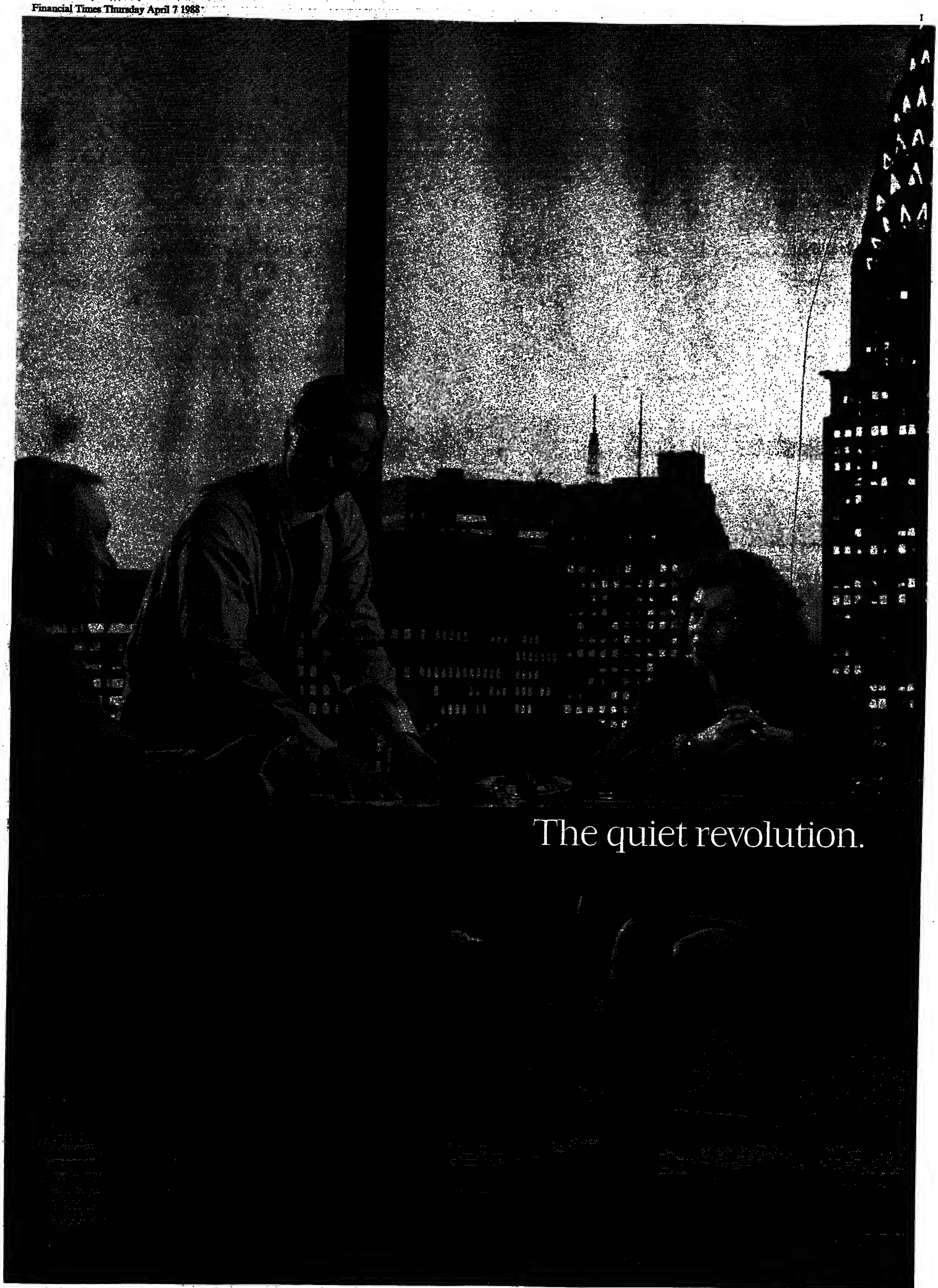
FT – ACTUARIES WORLD INDICES

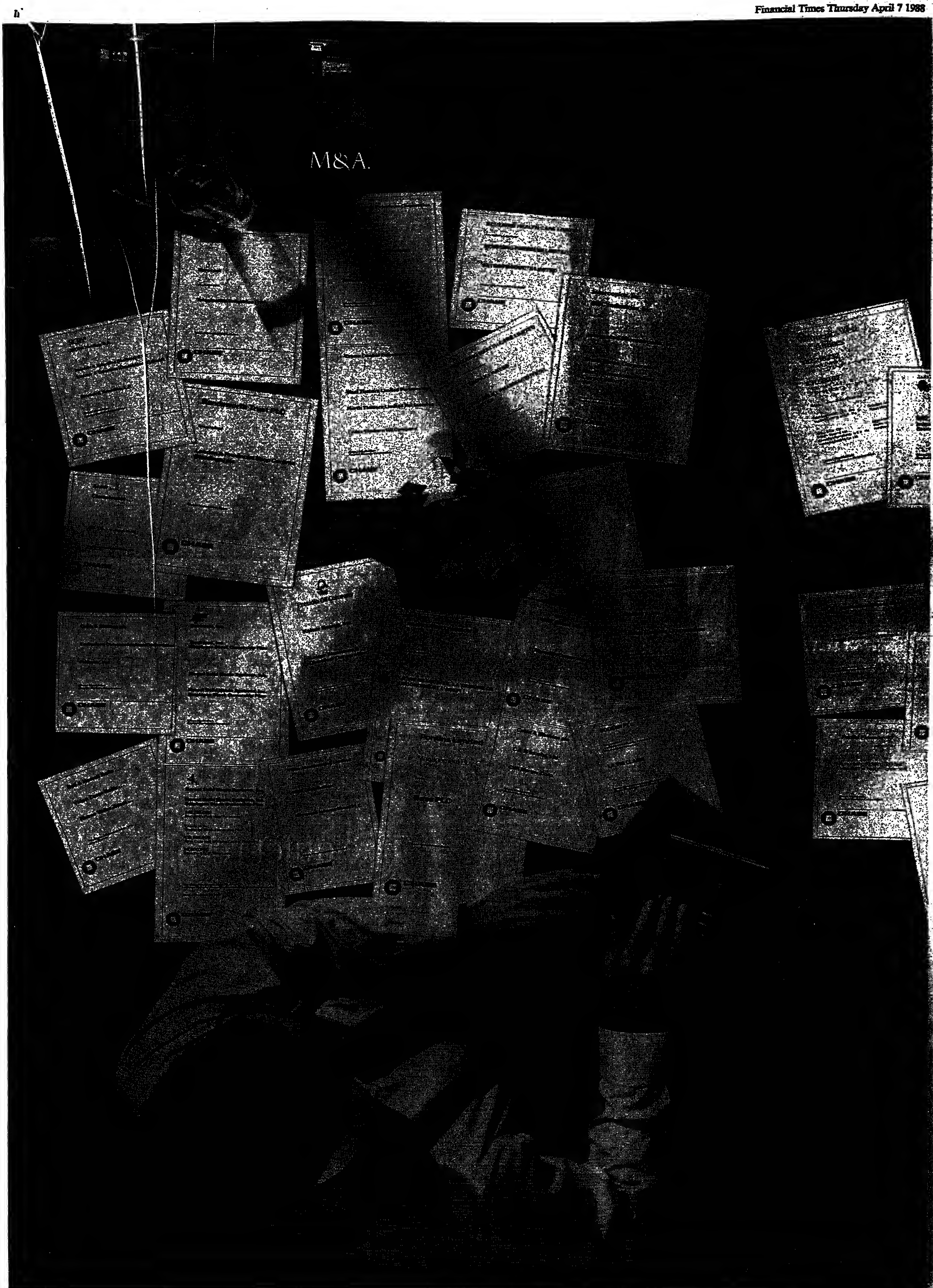
Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

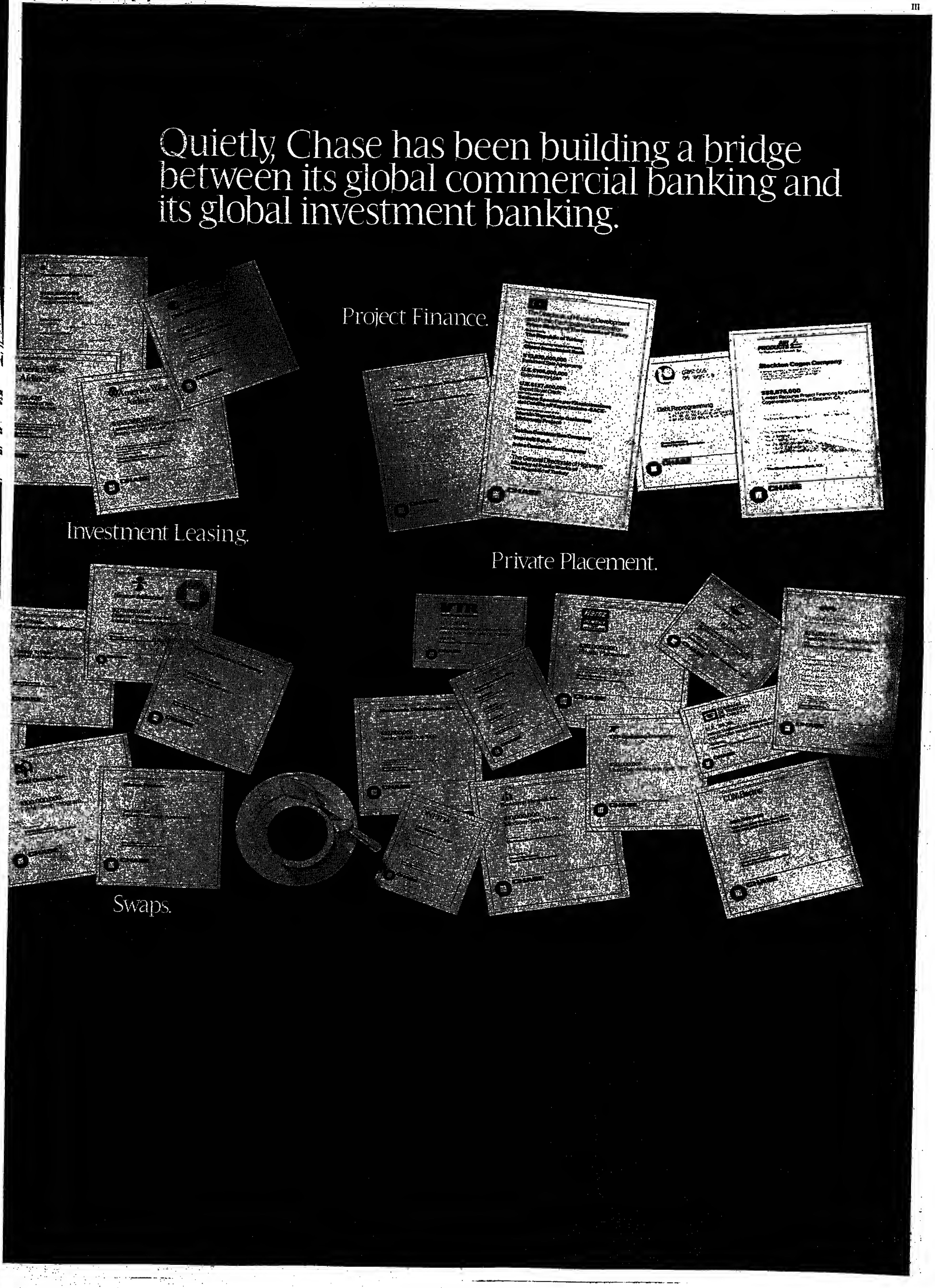
NATIONAL AND REGIONAL MARKETS	WEDNESDAY APRIL 6 1988					TUESDAY APRIL 5 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (89)	115.07	-0.8	90.94	103.40	4.18	116.03	91.50	103.99	119.90	91.16	128.78
Austria (16)	92.43	+0.0	73.05	80.08	2.62	92.47	72.92	80.04	98.18	84.35	93.58
Belgium (65)	131.29	-0.7	103.76	113.65	4.31	132.18	104.24	114.09	139.89	99.14	117.09
Canada (126)	123.40	+0.8	97.52	110.89	2.97	122.37	96.51	109.79	123.42	107.06	135.46
Denmark (39)	121.59	+1.3	96.09	105.46	2.71	120.03	94.66	104.40	121.94	111.42	112.66
Finland (24)	127.14	-0.3	100.48	106.92	1.94	127.47	100.52	106.79	127.47	106.78	—
France (121)	82.28	+0.3	65.03	73.09	4.40	82.06	64.71	72.86	88.72	72.77	116.93
West Germany (99)	78.41	+0.8	61.97	68.12	2.69	77.76	61.32	67.47	80.79	67.78	94.38
Hong Kong (46)	100.62	+1.3	79.52	100.87	4.43	99.30	78.31	99.48	101.82	84.90	107.83
Ireland (18)	120.49	+0.7	95.22	105.81	4.19	119.61	94.32	105.27	122.83	104.60	121.63
Italy (102)	77.70	-0.2	61.41	71.78	2.66	77.89	61.43	71.96	81.74	62.99	101.91
Japan (457)	171.05	+0.4	135.18	135.42	0.52	170.35	134.34	134.70	172.91	133.61	136.95
Malaysia (36)	119.58	+0.8	94.50	118.66	3.27	118.60	93.53	117.50	121.63	107.83	135.74
Mexico (14)	137.81	-1.4	108.91	342.78	1.04	139.78	110.23	347.68	176.90	90.07	143.75
Netherland (38)	108.38	+1.0	85.65	92.70	4.92	107.25	84.58	91.71	109.73	95.23	117.66
New Zealand (22)	76.37	+0.1	60.36	62.22	5.55	76.33	60.19	61.96	79.15	64.42	92.01
Norway (25)	125.78	+1.9	99.40	106.57	2.78	123.43	97.34	104.83	125.78	98.55	129.42
Singapore (26)	109.54	+0.9	86.57	101.11	2.43	108.60	85.64	100.19	114.93	97.99	120.68
South Africa (60)	132.13	+0.0	104.42	83.72	5.08	132.13	104.20	83.72	139.07	118.16	168.59
Spain (42)	151.04	+0.0	119.37	126.73	3.37	151.04	119.11	127.58	153.85	130.73	107.97
Sweden (38)	119.55	+1.2	94.48	104.19	2.71	118.10	93.13	103.06	120.54	96.92	116.15
Switzerland (56)	81.60	+0.6	64.49	69.81	2.45	81.07	63.94	69.16	86.75	76.22	97.92
United Kingdom (330)	135.50	+0.2	107.08	107.08	4.41	135.25	106.66	106.66	140.79	123.09	128.93
USA (584)	108.06	+2.6	85.40	108.06	3.50	105.36	83.09	105.36	110.51	99.19	122.01
Europe (1013)	107.59	+0.3	85.03	89.79	3.86	107.25	84.58	89.40	110.53	97.01	113.96
Pacific Basin (676)	166.07	+0.4	131.24	132.74	0.70	165.41	130.45	132.05	167.78	130.81	135.49
Euro-Pacific (1689)	142.69	+0.4	112.76	115.68	1.67	142.16	112.11	115.12	143.85	120.36	126.90
North America (710)	108.88	+2.5	86.04	108.25	3.47	106.27	83.80	105.64	111.07	99.78	122.72
Europe Ex. UK (683)	90.27	+0.4	71.34	78.97	3.37	89.87	70.87	78.61	92.44	80.27	104.71
Pacific Ex. Japan (219)	106.00	+0.1	83.77	98.26	4.24	105.95	83.55	98.02	108.75	87.51	117.60
World Ex. US (1889)	141.92	+0.4	112.16	115.30	1.74	141.38	111.49	114.73	142.97	120.26	127.67
World Ex. UK (2143)	128.20	+1.2	101.31	113.40	2.08	126.72	99.94	112.02	128.20	111.77	125.14
World Ex. So. Af. (2413)	128.81	+1.1	101.79	112.98	2.28	127.44	100.50	111.68	128.91	113.26	125.19
World Ex. Japan (2016)	108.57	+1.6	85.80	101.11	3.66	106.89	84.30	99.49	110.99	100.00	120.01
The World Index (2473)	128.83	+1.1	101.81	112.78	2.30	127.47	100.52	111.49	128.96	113.37	125.47

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

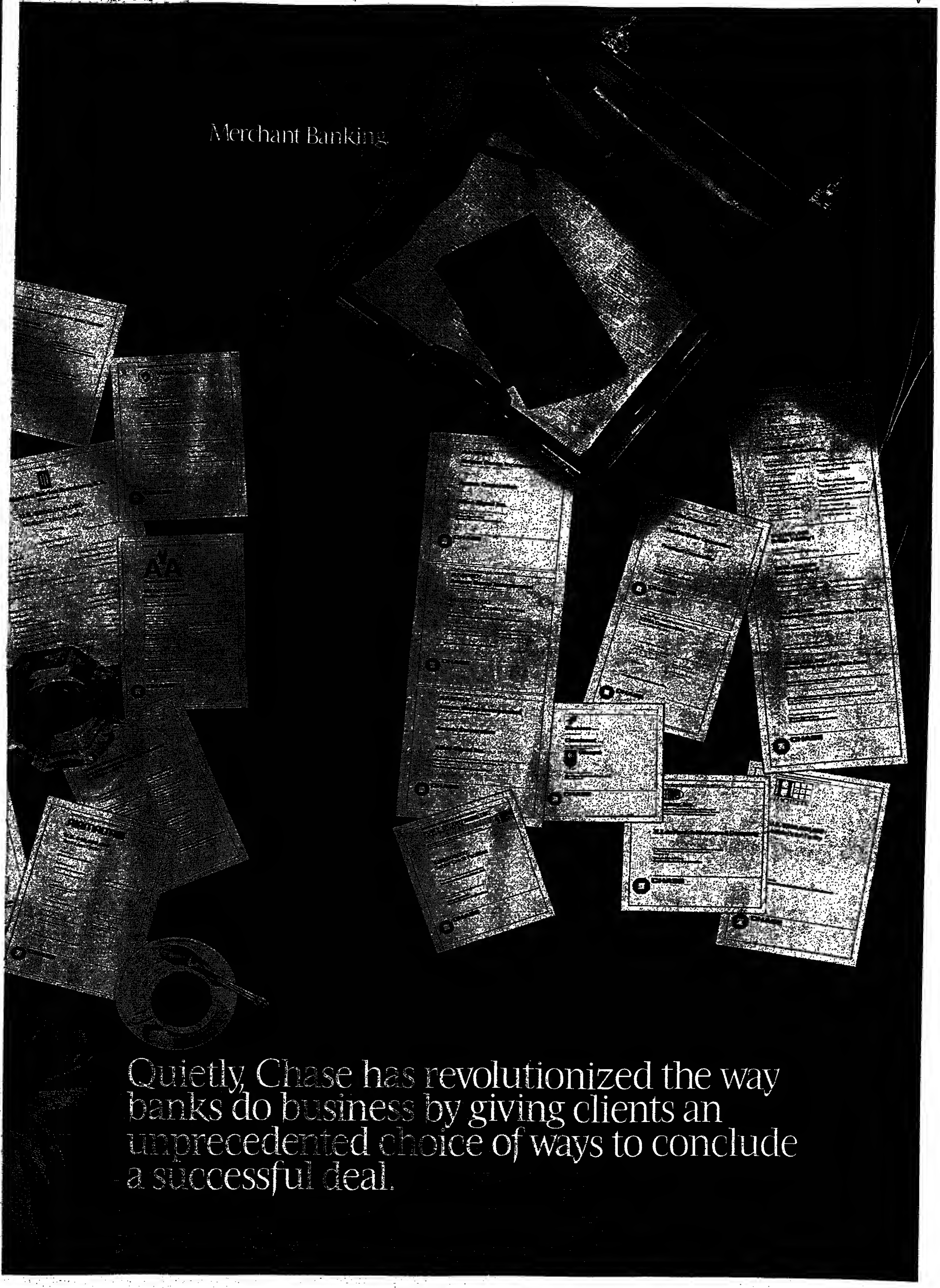
South African market closed April 6.

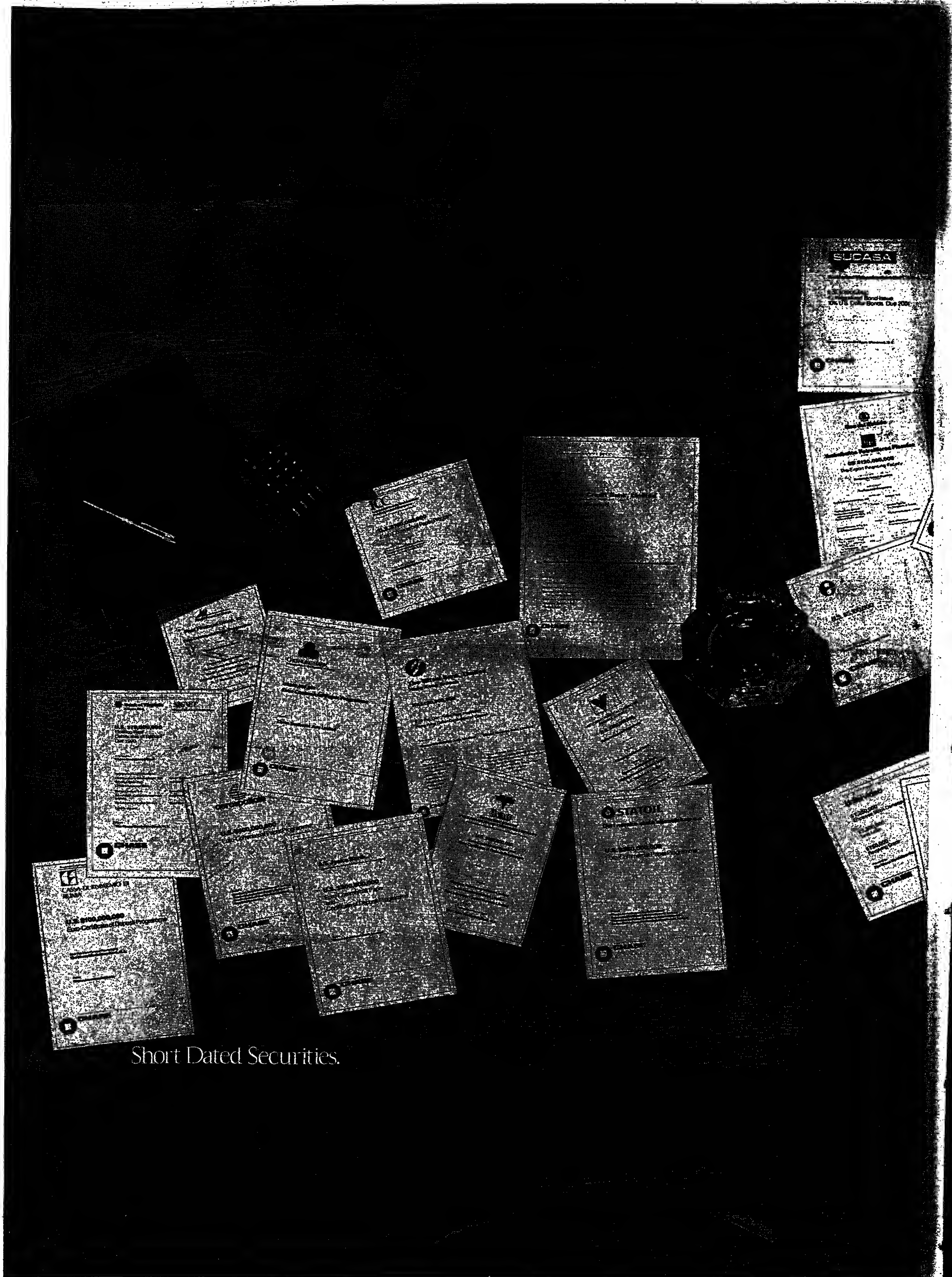

The quiet revolution.

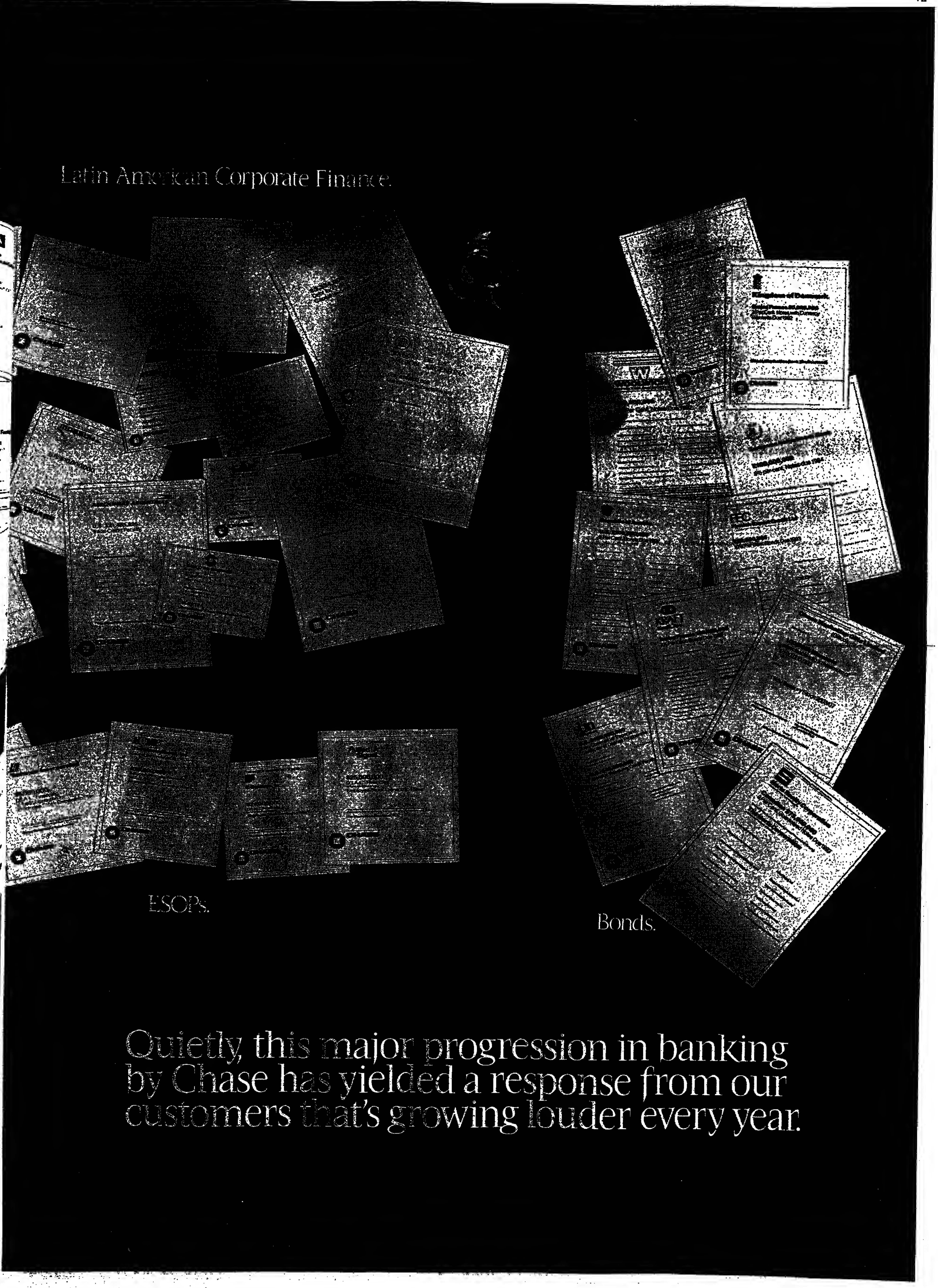

M&A.


Quietly, Chase has been building a bridge between its global commercial banking and its global investment banking.
Project Finance.
Investment Leasing.
Private Placement.
Swaps.


Syndications.


Merchant Banking.
Quietly, Chase has revolutionized the way banks do business by giving clients an unprecedented choice of ways to conclude a successful deal.


SUCASA
STATOIL
Short Dated Securities.


Latin American Corporate Finance.
ESOPs.
Bonds.
Quietly, this major progression in banking by Chase has yielded a response from our customers that's growing louder every year.

In our own quiet way, at Chase we've been pioneering an approach to banking that's breaking down the old ways of doing business.

Nowadays, we don't view our commercial banking as separate from our investment banking, or vice versa.

Instead, we see them as a total entity which provides a vast pool of resources, products and services our corporate customers can freely draw from.

Which means that however complex or individual your financing requirements are, we can help you put together a deal which provides a solution that's cost-effective and timely.

Apparently, our clients are very happy about the options which our integrated approach opens up.

How else are we to interpret the record number of deals we've wrapped up for them in the past twelve months?

Of course, our success isn't solely the result of the sizable experience in corporate financing which this integration gives us.

Our long-established presence in sixty countries also helps. As does our in-depth knowledge of key industries. And our impressive capital base of over $10 billion.

But it's undoubtedly our bold, imaginative bridging of investment and commercial banking that's drawing such loud approval.

CHASE